



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1890

Conoco Inc.
10 Desta Drive
Suite 100W
Midland, Texas 79705-4500

Attention: Ms. Kay Maddox

*Lackey B "LS" No. 15E
API No. 30-045-23880
Unit D, Section 29, Township 28 North, Range 9 West, NMPM,
San Juan County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319)
Otero-Chacra (Gas - 82329) and
Basin-Dakota (Prorated Gas - 71599) Pools*

Dear Ms. Maddox:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the subject well shall be allocated as follows:

Gas and oil production from the Basin-Dakota Gas Pool shall be determined utilizing the annual average production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas and oil production from the Blanco-Mesaverde and Otero-Chacra Gas Pools shall be determined by subtracting Basin-Dakota Gas Pool production from the well's total monthly oil and gas production. A fixed allocation between the Otero-Chacra and Blanco-Mesaverde Gas Pools shall be determined from the results of production tests to be conducted

subsequent to completion operations. The applicant shall consult with the supervisor of the Division's Aztec District Office to determine the proper fixed allocation between the Otero-Chacra and Blanco-Mesaverde Gas Pools. Subsequent to determination, the applicant shall submit the fixed allocation percentages to the Santa Fe Office of the Division.

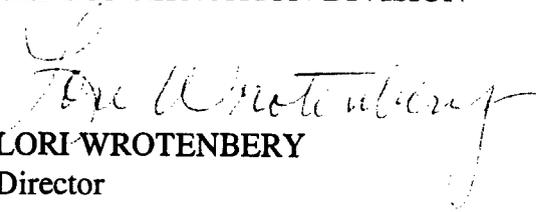
The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 9th day of April, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL

LW/DRC

cc: Oil Conservation Division - Aztec
Bureau of Land Management-Farmington