



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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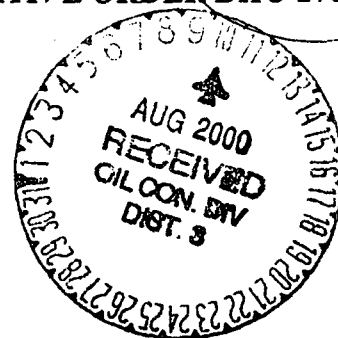
Director

Oil Conservation Division

Same w/ this
ADMINISTRATIVE ORDER DHC-2787

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0552

Attention: Mr. Jerry Fletcher



DHC-1223
Jicarilla Apache No. 16
API No. 30-039-20529
Unit I, Section 34, Township 26 North, Range 5 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319),
Basin-Dakota (Prorated Gas - 71599) and
Otero-Chacra (Gas - 82329) Pools

Dear Mr. Fletcher:

[Handwritten signature]
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.

The applicant shall consult with the supervisor of the Aztec District Office of the Division upon completion and testing of the well in order to determine a fixed allocation of production from each of the commingled zones. Upon approval by the Division's Aztec District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.