

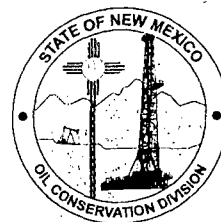
New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order DHC-4093
Order Date: 10/30/2008

TORCH ENERGY SERVICES, INC.
1339 Lamar St, Suite 1450,
Houston, TX 77010

Attention: MELANIE REYES

COOPER JAL UNIT Well No. 516
API No: 30-025-39100
Unit A, Section 25, Township 24 South, Range 36 East, NMPM
Lea County, New Mexico

Pool:	JALMAT;TAN-YATES-7 RVRs (OIL)	Oil 33820
Names:	LANGLIE MATTIX;7 RVRs-Q-GRAYBURG	Oil 37240

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 or otherwise required separation of the zones is hereby placed in abeyance.

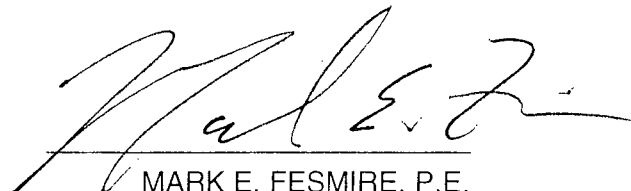
In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be done after testing of all intervals to be commingled. The applicant shall submit the allocation percentages to the Division office issuing this permit within 60 days following completion of this workover or well. If the depth of the top and bottom of all perforations in this well are sufficiently separated to require reporting of bottomhole pressures – see "Bottomhole Pressure" on form C-107A, then the applicant shall submit the reservoir pressures within this well of all Pools being commingled on a sundry form to the district office of the Division.



REMARKS: The operator shall notify the Division's district office upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', is written over a horizontal line.

MARK E. FESMIRE, P.E.
Director

MEF/wvj

cc: Oil Conservation Division – Hobbs