



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenberg

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3245

Merrion Oil & Gas
610 Reilly Avenue
Farmington, New Mexico 87401

Attention: Connie S. Dinning

Federal 29 Well No. 2E

API No. 30-045-26550

*Unit K, Section 29, Township 25 North, Range 9 West, NMPM,
San Juan County, New Mexico*

*Undesignated White Wash-Mancos Dakota (Oil 64290) and
Basin-Dakota (Prorated Gas 71599) Pools*

Dear Ms. Dinning:

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 well bore.

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 daily gas and oil produced from each pool in this well shall be determined using Division Rules and Regulations.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis unless changed by permission of the Aztec district office of the Division and copied to this office.

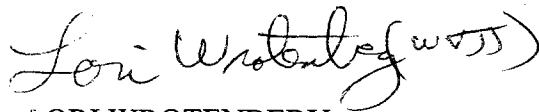
Undesignated White Wash-Mancos Dakota Oil Pool	Oil 100%	Gas 29%
Basin-Dakota Prorated Gas Pool	Oil 0%	Gas 71%

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

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 29th day of February 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, reading "Lori Wrotenbery" with a stylized flourish at the end.

LORI WROTENBERY
Division Director

LW/wvjj

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