



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark Fesmire, P.E.
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3289

Mack Energy Corporation
P.O. Box 960
Artesia, New Mexico 88211-0960

Attention: Mr. Jerry W. Sherrell

*Panther Federal Well No. 3
API No. 30-025-36324
Unit K, Section 31, Township 17 South, Range 32 East, NMPM,
Lea County, New Mexico
Maljamar Grayburg-San Andres (Oil - 43329) and
Tamano-Delaware (Oil - 97270) Pools*

Dear Mr. Sherrell:

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 as follows. Production attributable to the Tamano-Delaware Pool shall be determined in accordance with the production forecast for this pool submitted with the downhole commingling application. Maljamar Grayburg-San Andres Pool monthly production shall be determined by subtracting Tamano-Delaware Pool production from the well's total monthly oil and gas production.

Administrative Order DHC-3289

Mack Energy Corporation

June 10, 2004

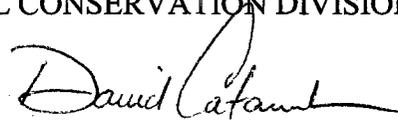
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REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 10th day of June 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



DAVID CATANACH
Engineer/Examiner

cc: Oil Conservation Division – Hobbs
Bureau of Land Management-Carlsbad