OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

October 1, 1976

Sun Production Company
P. O. Box 1861
Midland, Texas 79701

Attention: Mr. Charles Gray

> Administrative Order No. DHC-206
> E. Elliot "B" Well No. 1, Unit D,
> Section 20, Township 21 South,
> Range 37 East, NMPM, Lea County,
> New Mexico, Penrose-Skelly and
> Blinebry Oil & Gas Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Commission Rules and Regulations for the subject dually completed well to permit the removal of the down-hole separation equipment and to commingle the production from both 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 down-hole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and Commission Order No. MC-1596-A, which authorized the dual completion and required separation of the zones, is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C, total commingled oil production from the subject well shall not exceed 30 barrels per day, and total water production from the well shall not exceed 60 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 4000 by top unit allowable for the Blinebry Oil and Gas Pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Upper Pool: oil 18%, gas 46%
Lower Pool: oil 82%, gas 54%

Pursuant to Rule 303-C 5, the commingling authority granted by this order may be rescinded by the Secretary-Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,

JOE D. RAMEY
Secretary-Director

JDR/CU/og