



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

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STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

October 13, 1983

Administrative Order No. DHC-430

DUGAN PRODUCTION CORP.
709 Bloomfield Rd.
P.O. Box 208
Farmington, NM 87499

Attention: John D. Roe

Re: Mary Anne Well No. 3
Unit L, Sec. 9, T-24N,
R-9 West, San Juan County,
New Mexico, Bisti-Lower Gallup
and Basin-Dakota

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle the production from both 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.

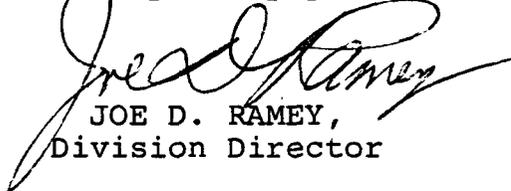
In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2,000 by top unit allowable for the Bisti Lower Gallup.

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

Bisti Lower Gallup Pool: Oil 80 %, Gas 16 %
Basin Dakota Pool: Oil 20 %, Gas 84 %

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,



JOE D. RAMEY,
Division Director