January 12, 1984

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Administrative Order No. DHC-449

El Paso Natural Gas Company
P. O. Box 4289
Farmington, New Mexico 87499-4289

Attention: Leonard J. Biemer, Production Engineer

Re: San Juan No. 20, Unit K,
Sec. 35, T-29-N, R-9-W,
San Juan County, N.M.
Blanco Pictured Cliffs and
Blanco Mesaverde Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division 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 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to commingle the production as described above and any administrative order allowing for dual completion is hereby rescinded.
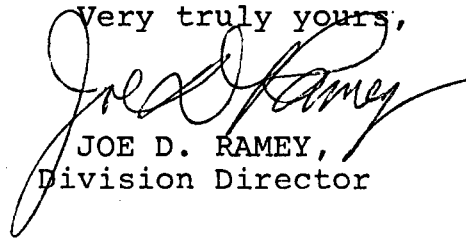
In accordance with the provisions of Rule 303.C.4., total commingled condensate production from the subject well shall not exceed 20 barrels per day, and total water production from the well shall not exceed 40 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying current total combined production by 125%.

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

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Blanco Pictured Cliffs Pool:   Condensate    0%, Gas 20%
Blanco Mesaverde Pool:         Condensate 100%, Gas 80%
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Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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