



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

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

August 15, 1984

Administrative Order No. DHC-481

Lobo Production Company
P.O. Box 2364
Farmington, New Mexico 87499

Attention: R. E. Lauritsen, Partner

Re: Scorpio #1
Unit A, Sec. 15, T-32N,
R-13W, Basin Dakota and
Undesignated Gallup Pools,
San Juan County, NM

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.

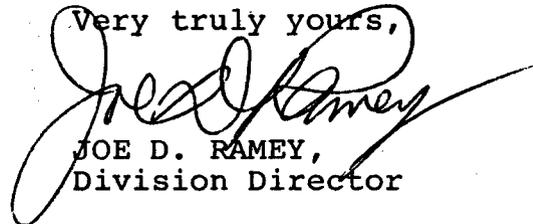
In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 20 barrels per day, and total water production from the well shall not exceed 40 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by the allowables established by the Oil Conservation Division prorationing schedules for these pools.

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

Basin Dakota Pool:	Oil	0%	Gas	63%
Undesignated GallupPool:	Oil	100 %	Gas	37%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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

A handwritten signature in black ink, appearing to read "Joe D. Ramey", written over the typed name and title.

JOE D. RAMEY,
Division Director