



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

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SANTA FE, NEW MEXICO 87501
(505) 827-5800

Administrative Order No. DHC-600

Grace Energy Company
P. O. Box 207
Carlsbad, New Mexico 88220

Attention: Jerry Long, Agent

Re: Humble Grace com No. 1
Unit P, Sec. 2, T-23-S, R-26-E, NMPM,
Eddy County, New Mexico
South Carlsbad Strawn and South Carlsbad
Morrow 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 Division Order which authorized the dual completion and required separation of the two zones is hereby placed in abeyance.

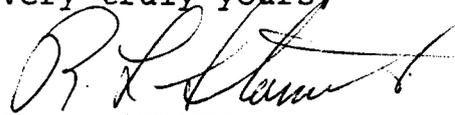
In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 80 barrels per day, and total water production from the well shall not exceed 160 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated gas pool as printed in the Division's Southeast Gas Proration Schedule.

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

Strawn Pool: Condensate 100%, Gas 72%
Morrow Pool: Condensate 0%, Gas 28%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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



R. L. STAMETS,
Director

cc: Gas Co. of N.M.
OCD District Office - Artesia

Gerry Long