

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



January 15, 1987

GARREY CARRUTHERS
GOVERNOR

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

Administrative Order No. DHC-633

ARCO Oil & Gas Company
P. O. Box 1610
Midland, Texas 79702

Attention: R. S. Prentice

Re: State "Y" Well No. 7, Unit A,
Sec. 25, T-25-South, R-37-East, NMPM,
Lea County, New Mexico
Justis Blinebry & Justis Montoya 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.

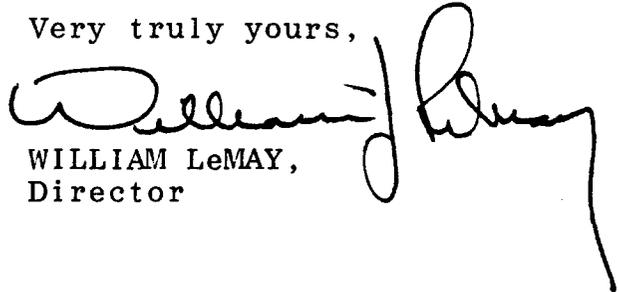
It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production 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 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 Justis Montoya Pool.

In accordance with the provisions of Rule 303-C, the supervisor of the Hobbs District Office of the Oil Conservation Division shall determine the proper allocation of production from the subject well following its completion.

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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 "William LeMay". The signature is written in a cursive style with a large, looping initial "W".

WILLIAM LeMAY,
Director

WL/DRC/dr

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