

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

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

March 24, 1987

Administrative Order No. DHC-643

Julian Ard  
303 Main Street  
Fort Worth, Texas 76102

Attention: Julian Ard

Re: South Teas Federal Well No. 1, Unit G,  
Sec. 23, T-20 South, Range 33 East, NMPM,  
Lea County, New Mexico  
Bone Springs, Wolfcamp and Morrow Pools

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 all three 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.

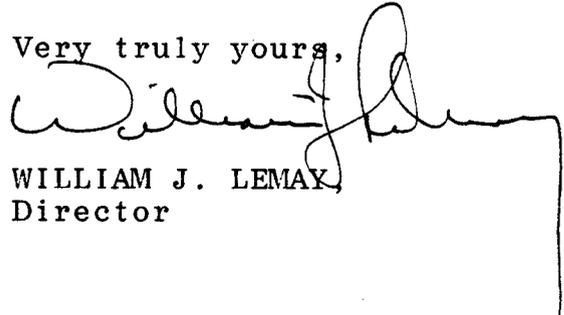
In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 80 barrels per day, and total water production from the well shall not exceed 160 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined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

Bone Springs Pool: Oil 59%, Gas 30%  
Wolfcamp Pool: Oil 19%, Gas 41%  
Morrow Pool: Oil 22%, Gas 29%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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 cursive script, appearing to read 'William J. Lemay', written in black ink. The signature is positioned above the typed name and extends to the right, ending in a long vertical line that descends below the typed name.

WILLIAM J. LEMAY,  
Director

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