

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

June 23, 1987

POST OFFICE BOX 2092
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Administrative Order No. DHC-654

Shell Western E&P, Inc.
P.O. Box 576
Houston, TX 77001

Attention: A.J. Fore

Re: State "B" Well No. 5
Section 33, Township 18 South,
Range 38 East, Unit D
Lea County, New Mexico
Hobbs Drinkard and Hobbs Blinebry Oil & Gas
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 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 2000 by the top unit allowable for the Hobbs Blinebry Oil & Gas Pool.

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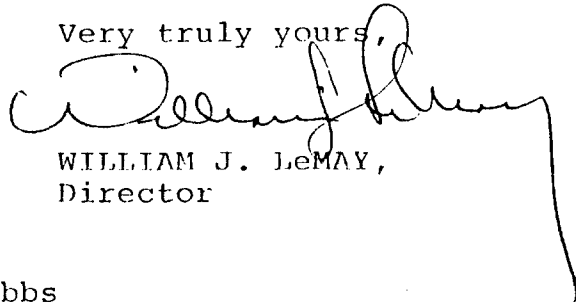
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Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Blinebry Pool: Oil 30%, Gas 10%
Drinkard Pool: Oil 70%, Gas 90%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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 dark ink, appearing to read 'William J. LeMay', with a long, sweeping vertical line extending downwards from the end of the signature.

WILLIAM J. LeMAY,
Director

cc: OCD District Office - Hobbs