

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

January 6, 1988

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Administrative Order No. DHC-687

Exxon Company USA, Inc.
P.O. Box 1600
Midland, TX 79702-1600

Attention: James D. Howell

Re: Squaw Federal Well No. 3
Unit K, Section 1, Township 23 South,
Range 25 East, NMPM, Eddy County, New Mexico
Sheep Draw Morrow and Atoka 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.

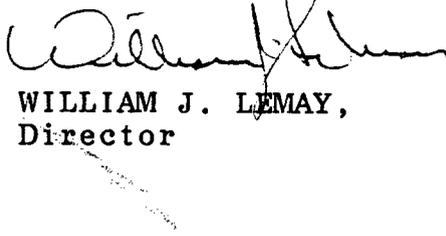
In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 80 barrels per day, and total water production from the well shall not exceed 160 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined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

Atoka Pool: Oil 79%, Gas 71%
Morrow Pool: Oil 21%, 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Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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,



WILLIAM J. LEMAY,
Director

WJL/DRC/ag

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