

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

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

ADMINISTRATIVE ORDER DHC-726

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

Attention: Jack T. Lowder

State "367" Well No. 1  
Unit M, Section 36, Township 21 South, Range 37  
East, NMPM, Lea County, New Mexico.  
Drinkard & Blinebry Oil & Gas Pools

Dear Mr. Lowder:

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 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 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 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 4000 by the top unit allowable for the Blinebry Oil & Gas Pool.

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

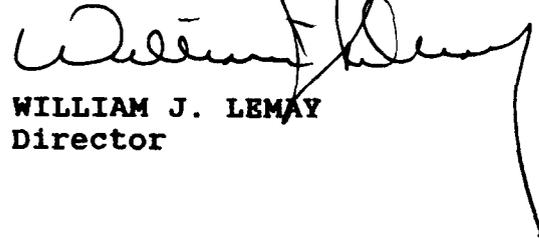
Blinebry Pool: Oil 62%,	Gas 52%
Drinkard Pool: Oil 38%,	Gas 48%

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Administrative Order DHC-726  
ARCO Oil & Gas Company  
May 8, 1989  
Page 2

Approved at Santa Fe, New Mexico on this 8th day of May, 1989.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the typed name and extends downwards with a long, thin vertical stroke.

WILLIAM J. LEMAY  
Director

S E A L