

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

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

ADMINISTRATIVE ORDER DHC-784

Meridian Oil, Inc.
P.O. Box 4289
Farmington, NM 87499-4289

Attention: P. M. Pippin

*Hillside Well No. 1
Unit J, Section 9, Township 27 north, Range 11 West, NMPM, San Juan
County, New Mexico.
Basin-Dakota & Kutz Gallup Pools*

Dear Ms. Bradfield:

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 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 shall not exceed 80 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 San Juan Basin Gas Proration Schedule.

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

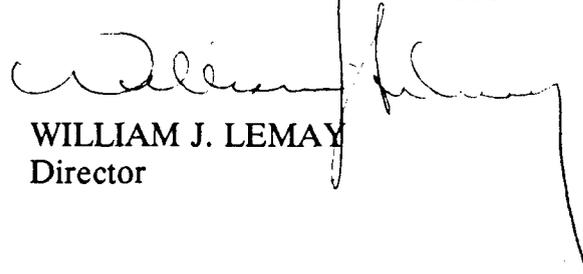
Gallup Pool:	Oil	71%,	Gas	17%
Dakota Pool:	Oil	29%,	Gas	83%

The Director of the Division shall require the subject well to be shut in should the subject gas proration unit become overproduced in the Basin-Dakota Gas Pool in accordance with the terms and conditions of Rule 11(b)(2) of the General Rules for the prorated Gas Pools in New Mexico as promulgated by Order No. R-8170, as amended.

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.

Approved at Santa Fe, New Mexico on this 5th day of February, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington