

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-800

Zia Energy, Inc.
P.O. Box 2219
Hobbs, NM 88240

Attention: Farris Nelson

*Simmons Well No. 1
Unit G, Section 5, Township 22 South, Range 37 East, NMPM, Lea
County, New Mexico.
Blinebry, Tubb and Drinkard Oil and Gas Pools*

Dear Mr. Nelson:

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 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 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 2000 by the top unit allowable for the Tubb Oil and Gas Pool.

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

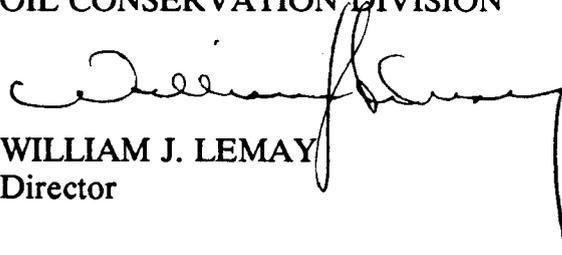
Tubb Pool:	Oil	25%,	Gas	28%
Drinkard Pool:	Oil	75%,	Gas	72%

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

REMARKS: The Blinebry zone in the subject well is currently open, but non-productive, and is therefore not allocated any production. Upon plugging of the subject well, the applicant shall plug the Blinebry perforations in accordance with Division requirements.

Approved at Santa Fe, New Mexico on this 24th day of May, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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