



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1609

Elm Ridge Resources, Inc.
312 West La Plata
Farmington, New Mexico 87401

Attention: Mr. Doug Endsley

*Apache Well No.18-2 (API No.30-039-25548)
Unit B, Section 18, Township 24 North, Range 5 West, NMPM,
Rio Arriba County, New Mexico.
Devils Fork Gallup (Associated - 17610) and
Basin Dakota (Prorated Gas - 71599) Pools*

Dear Mr. Endsley:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject 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., the daily allowable producing rates from the subject well are hereby established as follows:

Oil 347 B/D	Gas 694 Mcf/D	Water 694 B/D
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Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Devils Fork Gallup Pool	Oil 93%	Gas 21%
Basin Dakota Pool	Oil 7%	Gas 79%

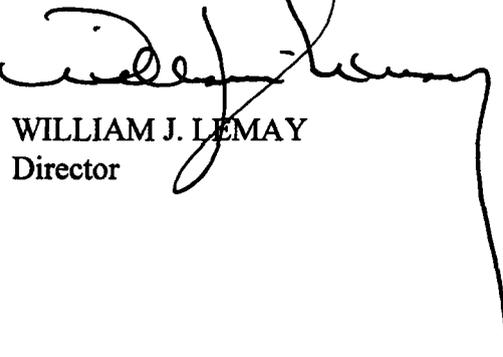
REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

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Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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 1st day of August, 1997.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/BES/ljs

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