



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-1660

Merrion Oil & Gas
610 Reilly Avenue
Farmington, New Mexico 87401

Attention: Mr. George F. Sharpe

*Dietrich "28G" No. 1
API No. 30-045-23747
Unit G, Section 28, Township 26 North, Range 12 West, NMPM,
San Juan County, New Mexico.
WAW Fruitland Sand-Pictured Cliffs (Gas - 87190) and
Basin-Fruitland Coal (Gas - 71629) Pools*

Dear Mr. Sharpe:

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.

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.

Production from the subject well shall be allocated as follows:

Gas production from the WAW Fruitland Sand-Pictured Cliffs Gas Pool shall be determined utilizing the production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas production from the Basin-Fruitland Coal Gas Pool shall be determined by subtracting WAW Fruitland Sand-Pictured Cliffs Gas Pool production from the well's total monthly gas production.

All liquid hydrocarbon production shall be allocated to the WAW Fruitland Sand-Pictured Cliffs Gas Pool.

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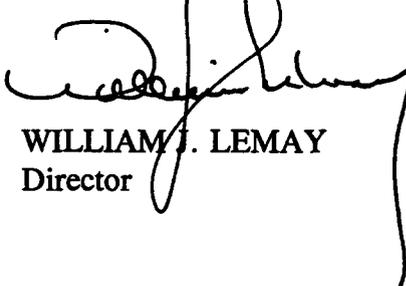
The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

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

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 12h day of September, 1997.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/DRC

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