



**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-1680

Texaco Exploration & Production Inc.
205 E. Bender Blvd.
Hobbs, New Mexico 88240

Attention: Mr. Greg Maes

*DD "24" Federal Well No. 3
API No. 30-015-27212
Unit O, Section 24, Township 19 South, Range 24 East, NMPM,
Eddy County, New Mexico.
North Dagger Draw-Upper Penn (15472) and
Canyon-Wolfcamp (8450) Pools*

Dear Mr. Maes:

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 107 B/D Gas 214 MCF/D Water 214 B/D

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

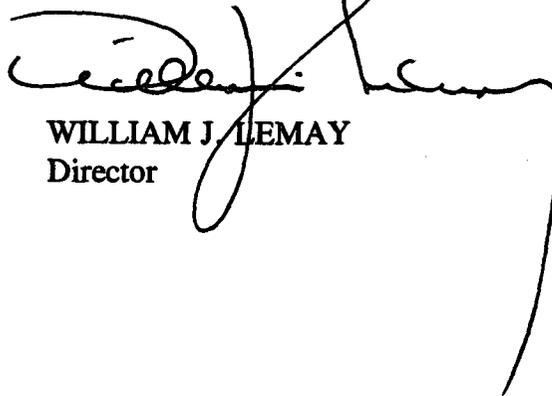
North Dagger Draw-Upper Penn Pool	Oil 62%	Gas 90%
Canyon-Wolfcamp Pool	Oil 38%	Gas 10%

REMARKS: The operator shall notify the Artesia 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Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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 25th day of September, 1997.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL

WJL/DRC

cc: Oil Conservation Division - Artesia
Bureau of Land Management-Carlsbad