



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-2083

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0552

Mr. Walter J. Dueease

*Warn St. A/C 2 No. 26
API No. 30-025-33541
Lot 5, Section 6, Township 18 South, Range 35 East, NMPM,
Lea County, New Mexico.
Vacuum-Wolfcamp (Oil-62340),
Vacuum-Upper Penn (Oil-62320) and,
Vacuum-Atoka (Oil) Pools*

Dear Mr. Dueease:

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 355 B/D Gas 710 MCF/D Water 710 B/D

Production from the well shall be allocated as follows:

Oil and gas production from the Vacuum-Wolfcamp and Vacuum-Atoka Pools shall be determined by means of the production forecast submitted by the applicant with the downhole commingling application. Oil & gas production from the Vacuum Upper-Penn Pool shall be determined by subtracting Vacuum-Wolfcamp and Vacuum-Atoka Pool production from the well's total monthly oil and gas production.

REMARKS: The operator shall notify the Hobbs District Office of the Division upon

Administrative Order DHC-2083

Marathon Oil Company

August 25, 1998

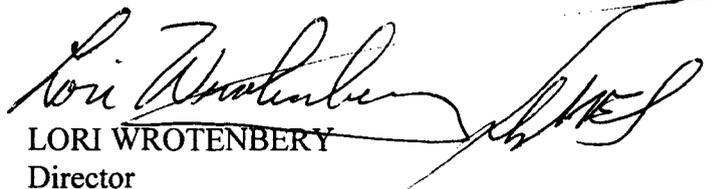
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implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 25th day of August, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Hobbs
State Land Office-Oil & Gas Division