

12/11/98	12/31/98	DC	MV	DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

2162

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

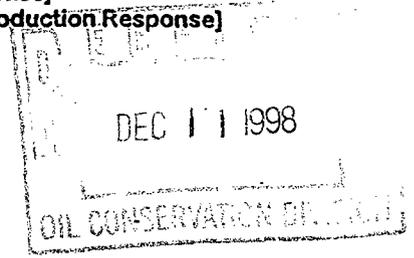
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Britton McQueen
Print or Type Name

Britton McQueen
Signature

12/9/98



Texaco E & P

205 E. Bender Blvd.
Hobbs NM 88240
505 393 7191

December 9, 1998

NMOCD
2040 South Pacheco
Santa Fe, New Mexico 87505

Attn: Mr. David Catanach

Subject: Application to DHC New Mexico O State NCT-1 #38, I-36-17S-34E, in the Vacuum Wolfcamp (62340) and North Vacuum Abo (61760) Pools.

Dear Mr. Catanach:

Texaco Exploration and Production, Inc. respectfully requests administrative approval to downhole commingle the New Mexico O State NCT-1 #38 in the Vacuum Wolfcamp and North Vacuum Abo Pools. The North Vacuum Abo was recently completed in this well and is producing at a marginal rate. The Vacuum Wolfcamp is currently plugged back.

Enclosed is form C-107-A showing that the well meets all of the requirements set forth by Rule 303(C). All of the offset operators have been notified by certified mail. The Commissioner of Public Lands has also approved the proposed commingling.

Due to the recency of the Abo completion, a full year of production data is not available. Production curves from three active offset Abo completions are included. These wells are all producing at marginal rates ranging from 10-20 BOPD. The allocation factors were determined in the following manner:

$$\%ABO = \frac{ABO \text{ STABILIZED PRODUCTION}}{ABO + WOLFCAMP \text{ STABILIZED PRODUCTION}}$$

$$\%WOLFCAMP = 100\% - \%ABO.$$

If you have any questions concerning this application, please contact Britton M. McQuien at (505) 397-0427.

Sincerely,

Britton M. McQuien
Production Engineer
Texaco Exploration and Production, Inc.

cc: Mr. Chris Williams

enc

EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

DISTRICT I

P.O. Box 1880, Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd. Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Texaco Exploration & Producing Inc. Address 205 East Bender Hobbs, New Mexico 88240

Lease New Mexico O State NCT-1 Well No. 38 Unit Ltr. - Sec - Tws - Rge I-36-17S-34E County Lea

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 022351 Property Code 11048 API NO. 30-025-33148 Federal _____, State X, (and/or) Fee _____

The following facts are submitted in support of downhole commingling:	Lower Zone	Intermediate Zone	Upper Zone
1. Pool Name and Pool Code	Vacuum Wolfcamp 62340		North Vacuum Abo 61760
2. Top And Bottom of Pay Section (Perforations)	9316'-10118'		9140'-9296'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	Rod-pump		Rod-pump
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current	(Current) a. 1000 psi	a.	a. 590 psi
	(Original) b.	b.	b.
Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original			
6. Oil Gravity (* API) or Gas BTU Content	39		39
7. Producing or Shut-In? Production Marginal? (yes or no) * If Shut-In, give date and oil/gas/ water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Plugged back Yes		Producing Yes
	Date: 10/4/98 Rates: 17/54/53		
	Date: Rates:		11/9/98 11/6/35
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 60.7% Gas: 90%	Oil: % Gas: %	Oil: 39.3% Gas: 10%

9. If allocation Formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? X Yes ___ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ___ Yes ___ No
Have all offset operators been given written notice of the proposed downhole commingling? X Yes ___ No
11. Will cross-flow occur? ___ Yes X No If yes, are fluids compatible, will the Formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ___ Yes ___ No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with other? X Yes ___ No
13. Will the value of production be decreased by commingling? ___ Yes X No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Land or the United States Bureau of Land Management has been notified in writing of this application. X Yes ___ No
15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). R-4406

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Notification list of all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE Britton McQuien TITLE Engineer DATE 12-8-98
TYPE OR PRINT NAME Britton McQuien TELEPHONE NO. (505) 397-0427

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Box Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
 AMENDED REPORT

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33148	² Pool Code 62340	³ Pool Name VACUUM WOLFCAMP
⁴ Property Code 011048	⁵ Property Name NEW MEXICO O STATE NCT- 1	
⁷ OGRID Number 022351	⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC.	⁶ Well No. 38
		⁹ Elevation 3987 GR

¹⁰ Surface Location

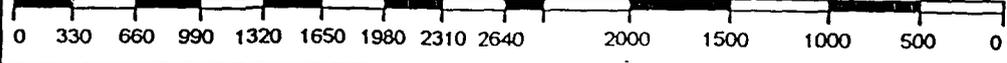
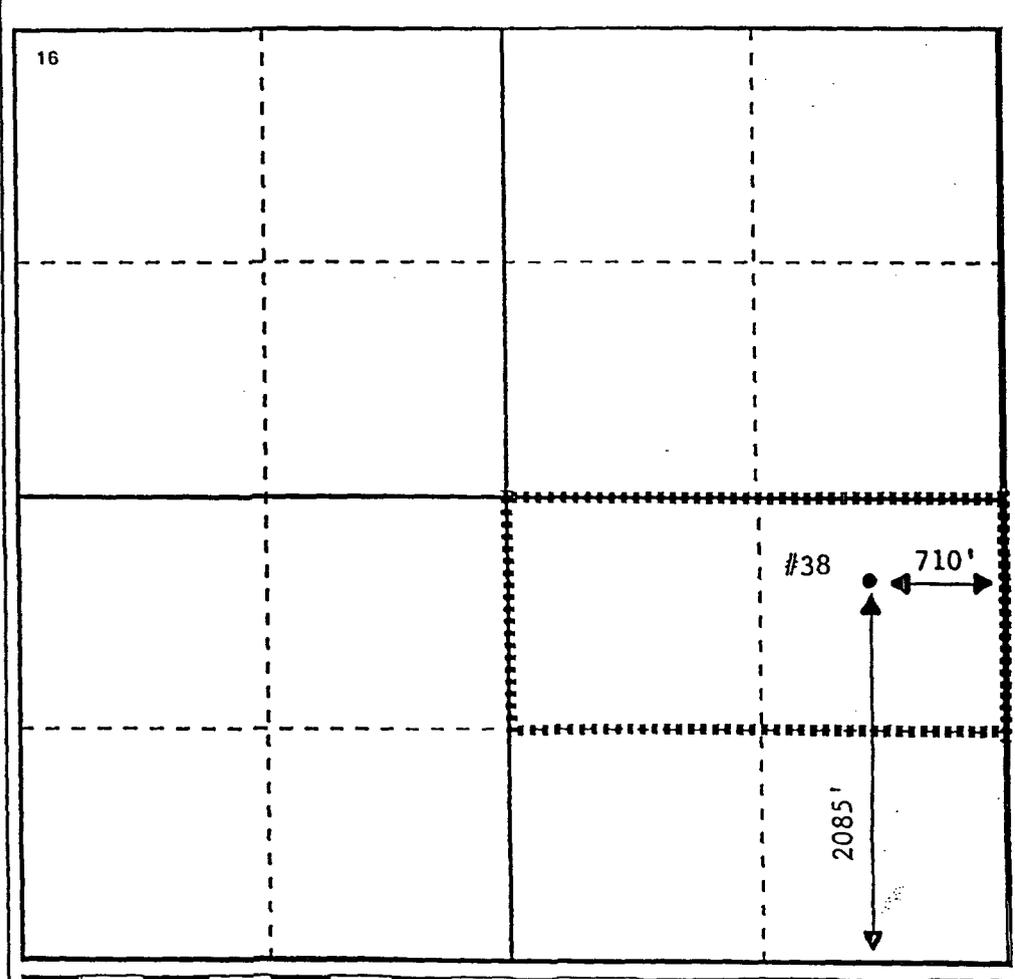
Ul or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
I	36	17-S	34-E		2085	SOUTH	710	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

Ul or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County

¹² Dedicated Acres 80	¹³ Joint or Infill No	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature
Monte C. Duncan

Printed Name
Monte C. Duncan

Position
Engr Asst

Date
9/12/97

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Signature & Seal of Professional Surveyor

Certificate No.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Box Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
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 AMENDED REPORT

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33148	² Pool Code 61760	³ Pool Name NORTH VACUUM ABO
⁴ Property Code 011048	⁵ Property Name NEW MEXICO O STATE NCT- 1	
⁷ OGRID Number 022351	⁸ Operator Name TEXACO EXPLORATION & PRODUCTION INC.	⁶ Well No. 38 ⁹ Elevation 3987' GR

¹⁰ Surface Location

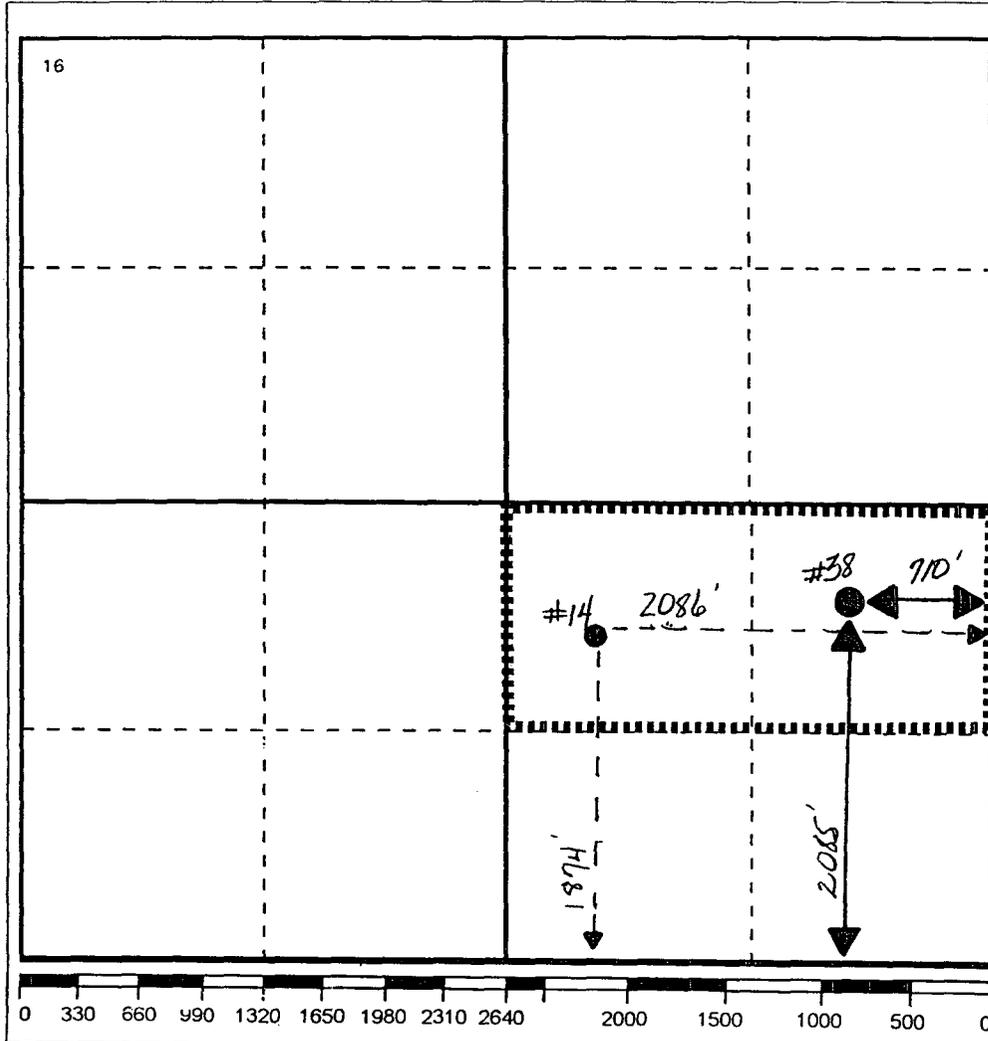
UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
I	36	17-S	34-E		2085	SOUTH	710	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

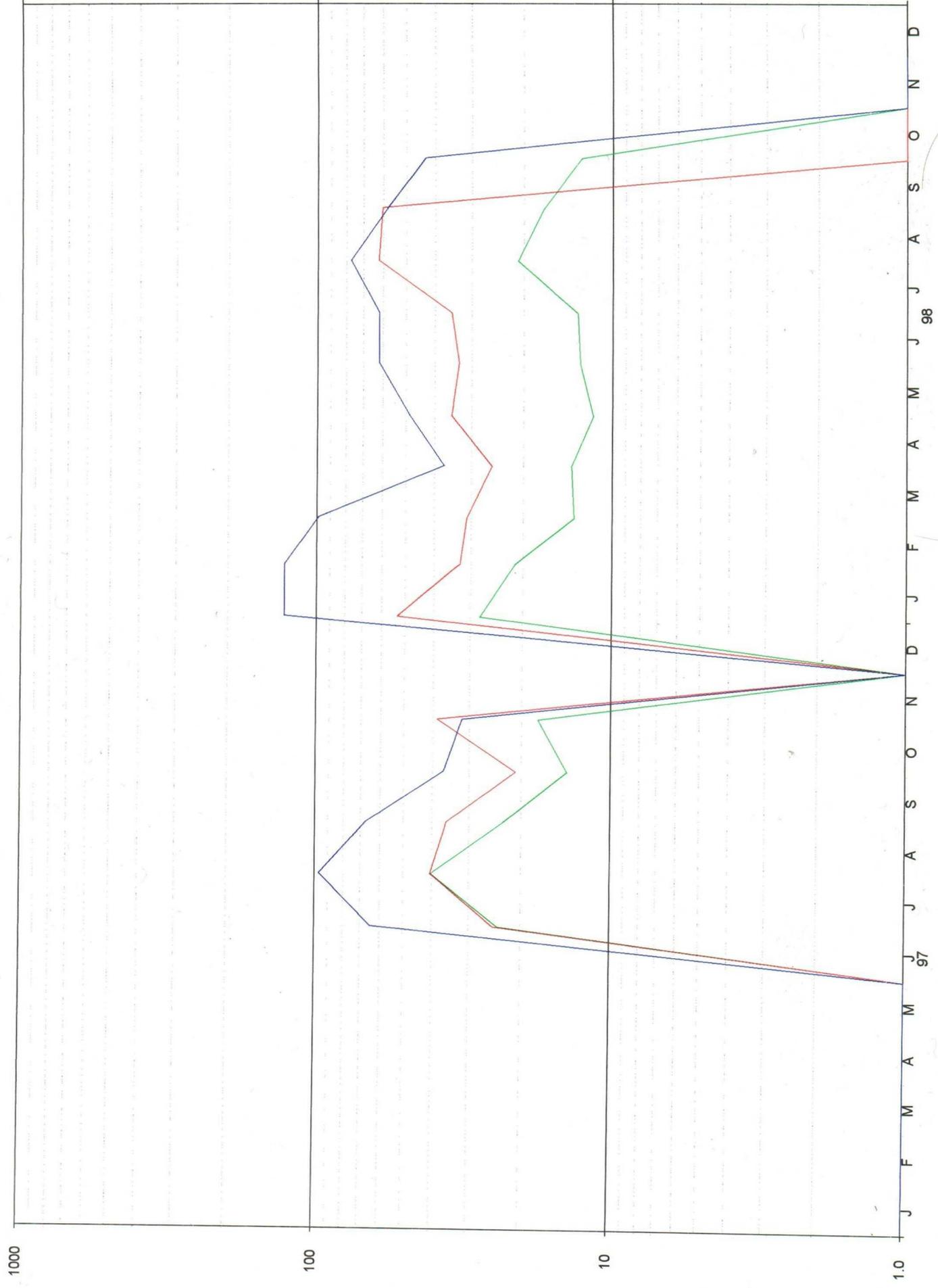
UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County

¹² Dedicated Acres 80	¹³ Joint or Infill No	¹⁴ Consolidation Code	¹⁵ Order No.
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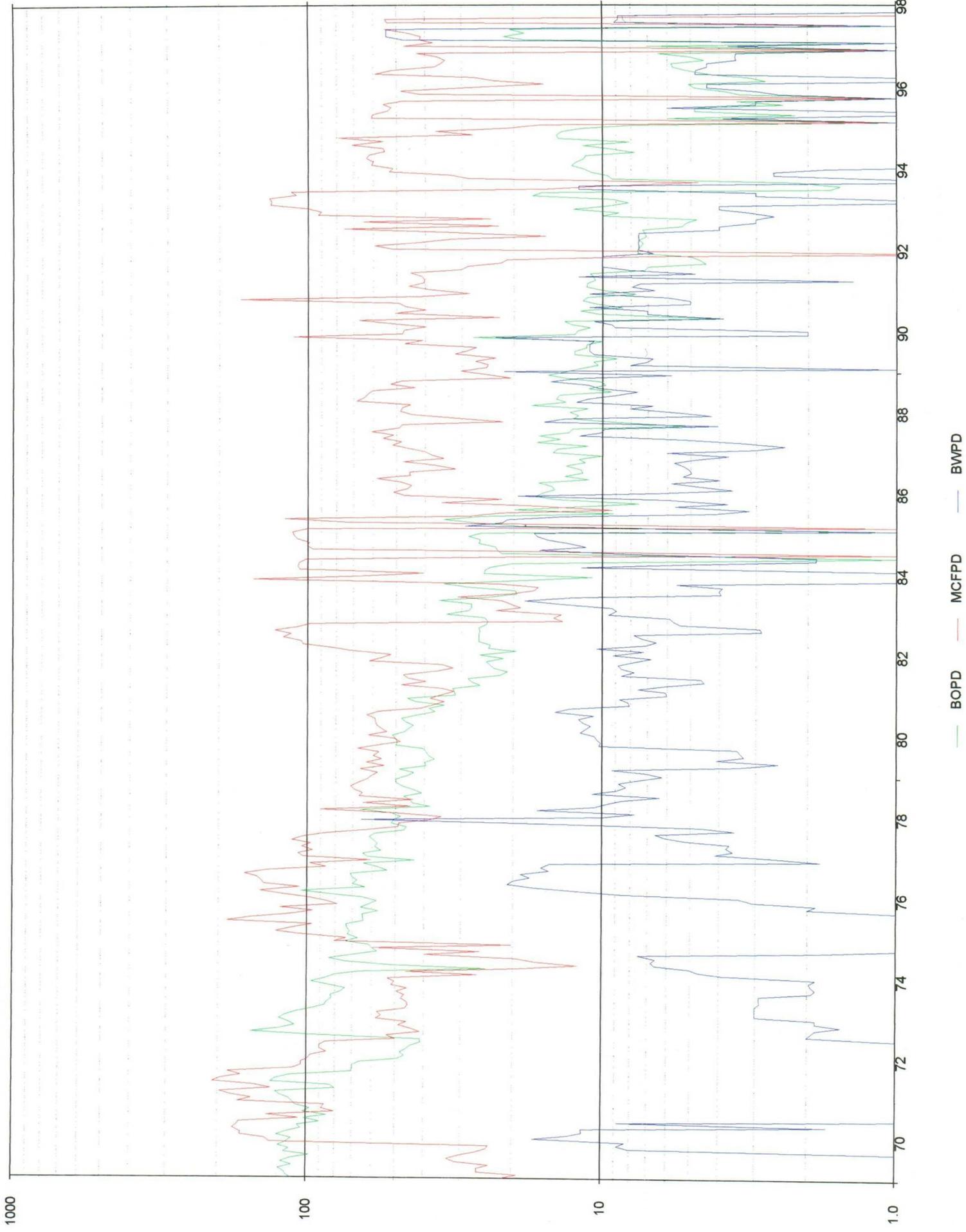
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



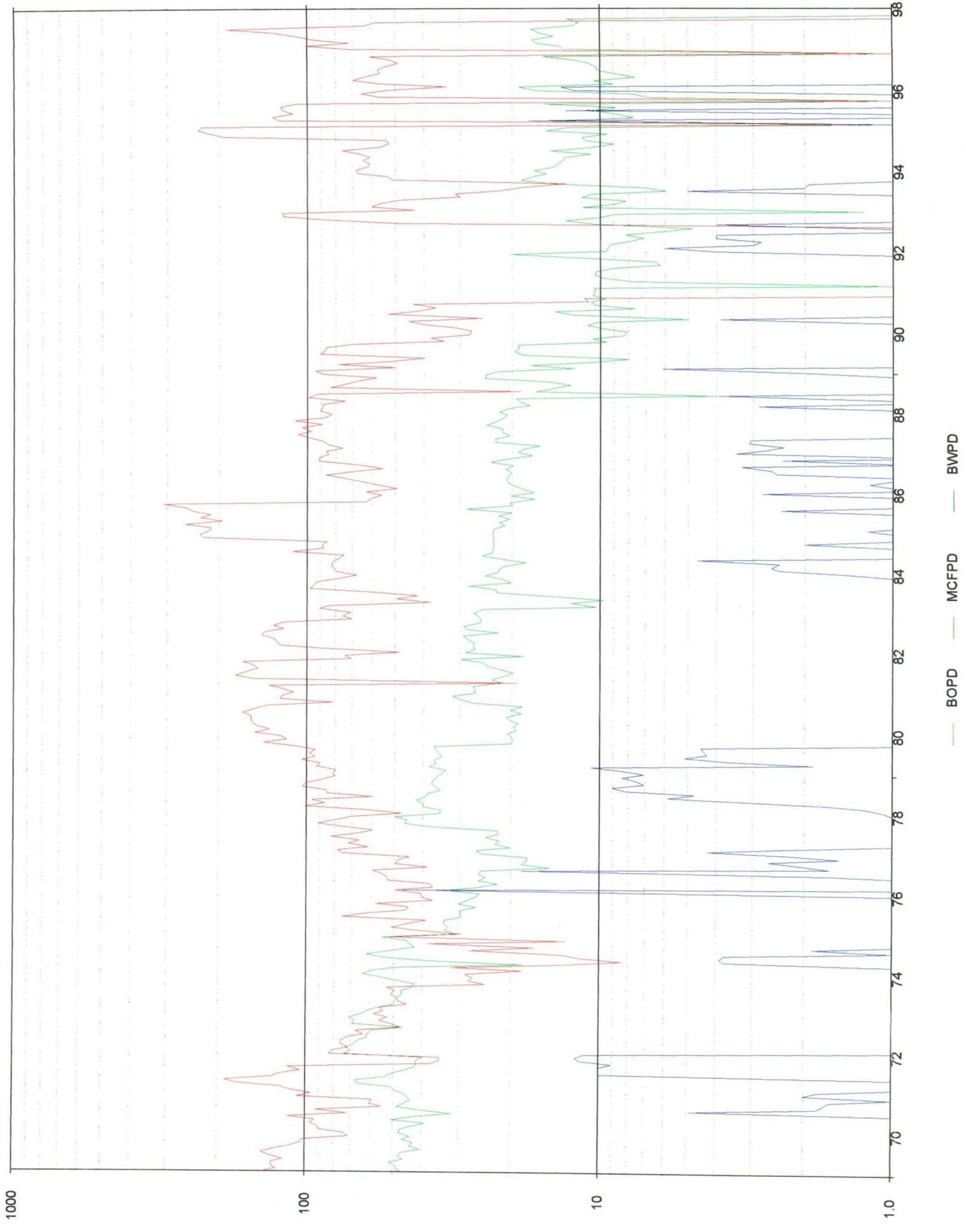
17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
Signature <i>J. Denise Leake</i>
Printed Name J. Denise Leake
Position Engineering Assistant
Date 10/20/98
18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.
Date Surveyed
Signature & Seal of Professional Surveyor
Certificate No.



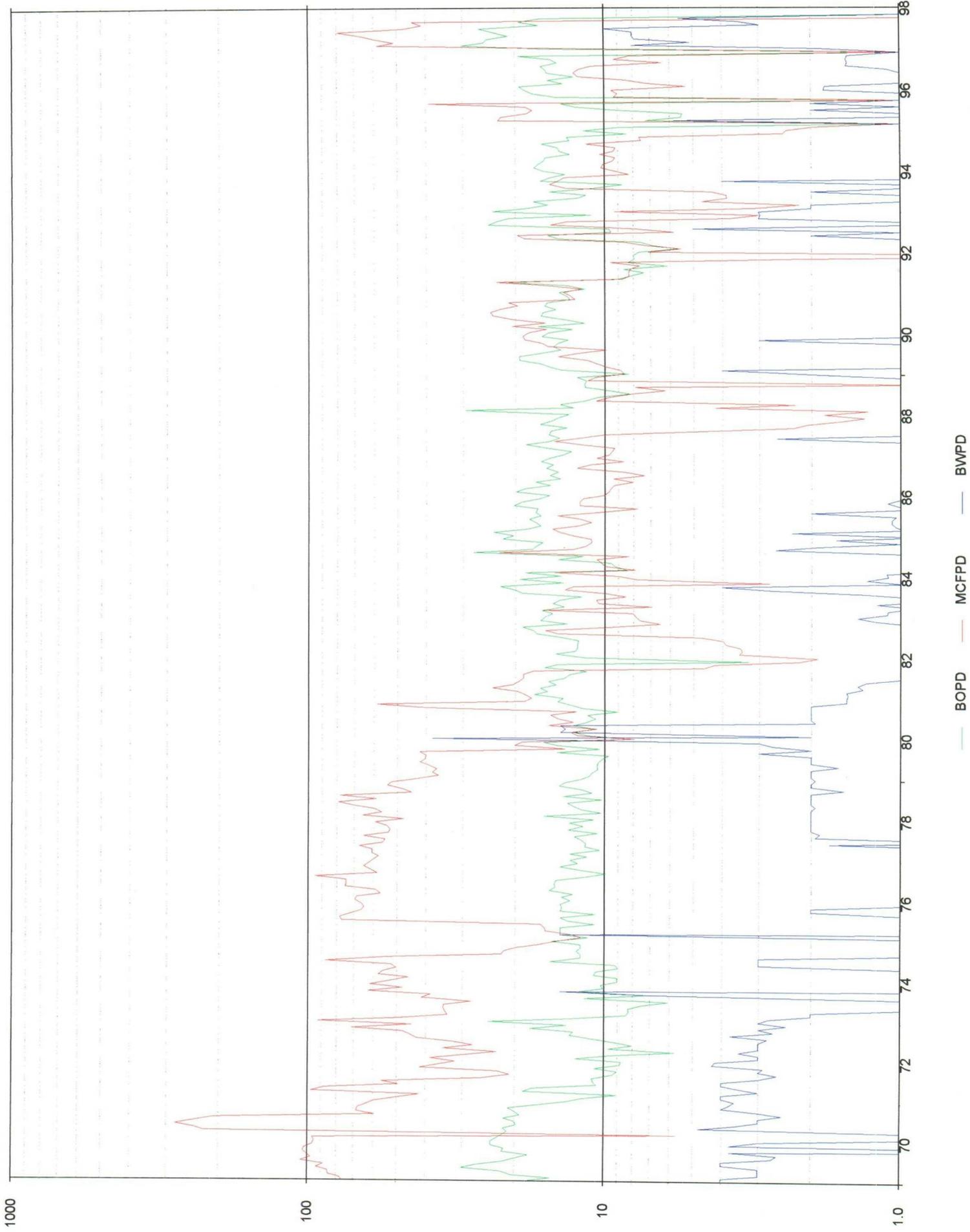
New Mexico O State NCT-1 #14 (Abo)



New Mexico O State NCT-1 #11 (A60)



State BA#4 (Abu)





COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5795

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5715

PLANNING
(505)-827-5752

December 1, 1998

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

Atten: Mr. Britton McQuien

Re: Application for Downhole Commingling
New Mexico O State NCT-1 Well No. 38
Unit Letter I, Section 36-17S-34E
North Vacuum Abo and Vacuum Wolfcamp Pools
Lea County, New Mexico

Dear Mr. McQuien:

Your application to downhole commingle the North Vacuum Abo and Vacuum Wolfcamp production from within the wellbore of the above-captioned well was received on November 20, 1998.

Since it appears that all the New Mexico Oil Conservation Division rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 dollar filing fee has been received.

Also, please submit a copy of the Oil Conservation Division's order approving this application.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil/Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

xc: Reader File OCD--Attention: David Catanach, Ben Stone

"WE WORK FOR EDUCATION"

Offset Operator List

Mobil Exploration and Production U.S.

Collins and Ware

Marathon Oil Company

Phillips Petroleum Company

Altura Energy, Ltd.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Marathon Oil Company
P.O. Box 552
Midland, TX 79702

4a. Article Number

P 442 355 550

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

NOV 16 1994

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X *S. M. ...*

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
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I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Mobil Exploration & Production U.S.
P.O. Box 633
Midland, Texas 79702

4a. Article Number

P 442 355 549

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

NOV 18 1994

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X *Jesse H. ...*

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

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I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Altura Energy, Ltd.
P.O. Box 4249
Houston, Texas 77210

4a. Article Number
P 622 712 561

4b. Service Type

Registered Certified

Express Mail Insured

Return Receipt for Merchandise COD

7. Date of Delivery
NOV 17 1998

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X 

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

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I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Collins & Ware
508 W. Wall, Ste1200
Midland, Texas 79701

4a. Article Number
P622 712 550

4b. Service Type

Registered Certified

Express Mail Insured

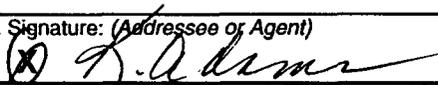
Return Receipt for Merchandise COD

7. Date of Delivery
11-18-98

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)



Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
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I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Phillips Petroleum Company
4001 Penbrook
Odessa, TX 79762

4a. Article Number
P 622 712 560

4b. Service Type

Registered Certified

Express Mail Insured

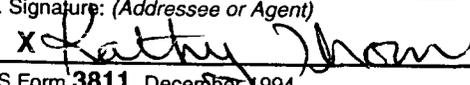
Return Receipt for Merchandise COD

7. Date of Delivery
11-16-98

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X 

Thank you for using Return Receipt Service.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4821
Order No. R-4406

APPLICATION OF GETTY OIL COMPANY
FOR DOWNHOLE COMMINGLING, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 13, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of September, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Getty Oil Company, is the owner and operator of the State "BA" Well No. 8, located in Unit B of Section 36, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That pursuant to authority granted by Administrative Order MC-1497, said Well No. 8 was completed by the applicant as a triple completion (conventional) to produce oil from the North Vacuum-Abo, Vacuum-Wolfcamp, and Vacuum-Upper Pennsylvanian Pools.

(4) That each of the three zones in the subject well is capable of only low marginal production.

(5) That the applicant now seeks authority to complete said Well No. 8 in such a manner as to produce oil from the subject well through one string of 2 7/8-inch tubing, commingling in the well-bore the production from the North Vacuum-Abo, Vacuum-Wolfcamp, and Vacuum-Upper Pennsylvanian Pools.

(6) That the proposed commingling in the subject well of the three zones may substantially extend the productive lives of said zones in the subject well.

(7) That the reservoir characteristics of each of the zones in the subject well are such that underground waste would not be caused by the proposed commingling in the well-bore.

(8) That the proposed commingling may result in the recovery of additional oil from each of the commingled zones in the subject well, thereby preventing waste, and will not violate correlative rights.

(9) That the mechanics of the proposed completion are feasible and in accord with good conservation practices.

(10) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action the operator should notify the Hobbs District Office of the Commission any time the subject well is shut-in for seven consecutive days.

(11) That the commingled production should be allocated upon the basis of updated production tests and decline curves submitted to the Santa Fe Office of the Commission at the time of conversion.

(12) That approval of the subject application will prevent waste and protect correlative rights.

(13) That Administrative Order MC-1497 should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, Getty Oil Company, is hereby authorized to complete its State "BA" Well No. 8, located in Unit B of Section 36, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, in such a manner as to produce oil from the North Vacuum-Abo, Vacuum-Wolfcamp, and Vacuum-Upper Pennsylvanian Pools through one string of 2 7/8-inch tubing, commingling in the well-bore the production from the pools.

(2) That immediately upon conversion of the above-described well to a single string of tubing the operator shall furnish the Santa Fe Office of the Commission updated production tests and decline curves for each of the zones, whereupon, the Commission shall establish a formula for allocating the commingled oil production and commingled gas production to the various zones.

CASE NO. 4821
Order No. R-4406

(3) That the commingling in the well-bore authorized by this order shall continue only so long as the commingled production of the two zones does not exceed 80 barrels of oil per day nor 80 barrels of water per day.

(4) That the maximum amount of gas which may be produced daily from the commingled zones in the subject well shall be determined by multiplying 2,000 by the top unit allowable for the Vacuum-Upper Pennsylvanian Pool.

(5) That the operator of the subject well shall immediately notify the Commission's Hobbs district office any time the well has been shut-in for seven consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

(6) That the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(7) That Administrative Order MC-1497 is hereby superseded.

(8) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

BRUCE KING, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

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