



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3170

Merrion Oil and Gas Corporation
610 Reilly Avenue
Farmington, New Mexico 87401

Attention: Mr. George F. Sharpe

*Federal "29" Well No. 1E
API No. 30-045-26999
Unit J, Section 29, Township 25 North, Range 9 West, NMPM,
San Juan County, New Mexico
Basin-Dakota (Prorated Gas – 71599), and
White Wash Mancos-Dakota (Oil – 64290) 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 oil and gas that may be produced daily from the well shall be determined by Division Rules and Regulations.

The applicant shall consult with the supervisor of the Aztec District Office of the Division upon completion and testing of the well in order to determine a fixed allocation of production from each of the commingled zones. Upon approval by the Division's Aztec District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

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

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 28th day of July, 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrottenbery by DRC
LORI WROTENBERY
Director

LW/DRC

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