



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3180

Merrion Oil and Gas
610 Reilly Avenue
Farmington, New Mexico 87401-2634

Attention: George F. Sharpe

*Farmington C Com Well No. 1
API No. 30-045-12174
Unit L, Section 15, Township 29 North, Range 13 West, NMPM,
San Juan County, New Mexico
Basin-Dakota (Prorated Gas 71599),
Basin-Fruitland Coal (Gas 71629), and
West Kutz-Pictured Cliffs (Gas 79680) 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.

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 in writing to the Santa Fe Office of the Division referencing this administrative order number.**

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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Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 26th day of August 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink that reads "Lori Wrotenbery" with a circled "wvj" to the right of the name.

LORI WROTENBERY
Director

LW/wvjj

cc: Oil Conservation Division – Aztec