



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3033

Yates Drilling Company
105 South Fourth St
Artesia, New Mexico 88210

Attention: Mr. Tobin L. Rhodes

*Millennium 34 Federal Com Well No. 1
API No. 30-015-31833
Unit M, Section 34, Township 17 South, Range 29 East, NMPM,
Eddy County, New Mexico
Undesignated Grayburg-Atoka (Gas 77720), and
Grayburg-Morrow (Gas 77840) Pools.*

Dear Mr. Rhodes:

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 well bore.

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 Southeast Gas Proration Schedule.

The applicant shall consult with the supervisor of the Artesia 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 Artesia 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 Artesia District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 9th day of August 2002.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrottenberg (WVJ)
LORI WROTENBERY
Division Director

LW/WVJ

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