



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-3064

Conoco, Inc.
PO Box 2197
WL3-3044
Houston, Texas 77252-2197

Attention: Deborah Marberry

*State Com AD Well No. 26E
API No. 30-045-23744
Unit I, Section 36, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico
Basin-Dakota (Prorated Gas 71599),
Armenta-Gallup (Oil 2290), and
Otero-Chacra (Gas 82329) Pools*

Dear Ms. Marberry:

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.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis. The Dakota gas has an established 20-year decline rate, which shall be used for future production numbers (established decline). The Gallup gas shall be derived from subtracting the Dakota gas from the combined Gallup/Dakota production rate as established in the past several months (established decline). The Otero gas shall be derived from the total well stream gas production minus the combined Gallup/Dakota established production rate (subtraction method).

Pool	Oil	Gas
Otero-Chacra Gas Pool	0%	Subtraction
Armenta-Gallup Oil Pool	100%	Established decline
Basin-Dakota Prorated Gas Pool	0%	Established decline

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Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 8th day of November 2002.

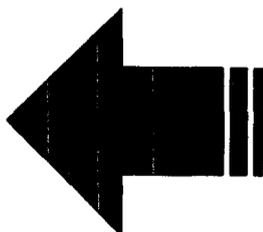
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery (LWVJ)

LORI WROTENBERY
Director

LW/wvjj

cc: Oil Conservation Division – Aztec
State Land Office – Santa Fe



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