



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order DHC-4274

Order Date: May 4, 2010

Application Reference Number: pTGW1011835662

M&G Drilling Co.
c/o Walsh Engineering
Attn: Mr. Paul C Thompson
7415 E. Main St.
Farmington, NM 87402

Re: Marron Well No. 95
API No: 30-045-23626
Unit K, Section 23, Township 27 North, Range 8 West, NMPM
San Juan County, New Mexico

Pools: BASHN FRUITLAND COAL (GAS) 71629
OTERO CHACRA (GAS) 82329

Dear Mr. Thompson:

Reference is made to your application (filed with the Division on April 28, 2010) for an exception to Division Rule 12.9.A. to permit commingling of production from the subject pools in the wellbore of the subject well.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Division Rule 12.11.A, that reservoir damage or waste will not result from such downhole commingling, and that correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above.

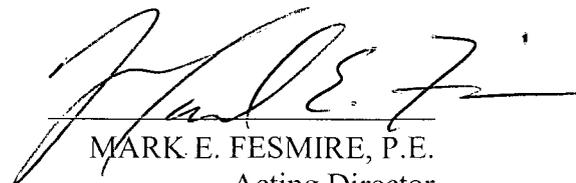
In accordance with Division Rule 12.11.A(6), the production attributed to any commingled, prorated pool shall not exceed the allowable applicable to that pool.

It is our understanding that ownership interests are identical between pools that will be commingled within this well. It is further understood that you will allocate the first 23 mcf per day of gas production to the Otero Chacra (to be reduced annually based on the established decline curve), and that all incremental production will be allocated to the Basin Fruitland Coal. We further understand that neither formation produces any liquid hydrocarbons.



The operator shall notify the Aztec Division's district office upon implementation of commingling operations.

Pursuant to Rule 12.11.B, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.


MARK E. FESMIRE, P.E.
Acting Director

MEF/db

cc: Oil Conservation Division – Aztec
Bureau of Land Management