

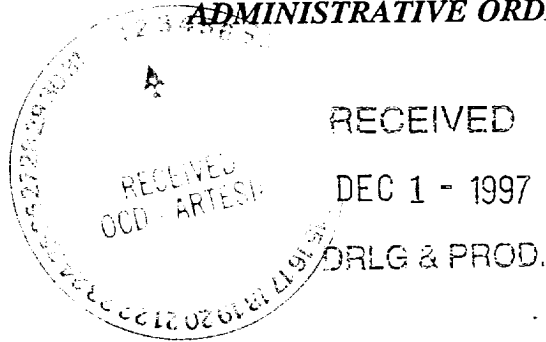


NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1734

Hallwood Petroleum, Inc.
P.O. Box 378111
Denver, Colorado 80237



Attention: Mr. Kevin E. O'Connell

*State B "14" Com Well No. 1
API No. 30-015-23350
Unit P, Section 14, Township 18 South, Range 28 East, NMPM,
Eddy County, New Mexico.
Travis-Upper Penn (Oil-59860) and
South Empire-Morrow (Gas-76400) Pools*

Dear Mr. O'Connell:

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 Southeast Gas Proration Schedule.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Travis Upper-Penn Pool	Oil 81%	Gas 46%
South Empire-Morrow Pool	Oil 19%	Gas 54%