



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3262

Xeric Oil & Gas Corporation
P.O. Box 352
Midland, TX 79702

Attention: Angie Crawford

*Julio State Well No. 1
API No. 30-025-35889
Unit D, Section 20, Township 20 South, Range 39 East, NMPM,
Lea County, New Mexico
DK-Abo (Oil 15200), and
DK-Drinkard (Oil 15390) Pools*

Dear Ms. Crawford:

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.

In accordance with the provisions of Rule 303C.(1), the maximum amount of oil and gas that may be produced from the well shall be determined by Division Rules and Regulations.

Assignment of allowable to the well and allocation of production from the well shall be as follows. These percentages shall be amended only with permission of the Hobbs District Office and copied in writing to the Division office in Santa Fe.

DK-Abo Oil Pool	Oil-33%	Gas-33%
DK-Drinkard Oil Pool	Oil-67%	Gas-67%

REMARKS: The operator shall notify the Hobbs 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Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 12th day of April 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOANNA PRUKOP
Acting Division Director

JP/wvj

cc: Oil Conservation Division – Hobbs
State Land Office – Minerals Management