



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3275

Merit Energy Company
13727 Noel Road,
Suite 500
Dallas, TX 75240

Attention: Daniel J. Tomley

*State Q Com Well No. 1
API No. 30-015-20813
Unit L, Section 34, Township 21 South, Range 26 East, NMPM,
Eddy County, New Mexico
Happy Valley-Strawn (Gas-78070), and
Happy Valley-Morrow (Gas-78060) Pools*

Dear Mr. Tomley:

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 or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C(1)(f), the allocated production from any prorated pool in the commingled wellbore shall not exceed the applicable allowable.

Allocation percentages for assignment of allowable to the well and allocation of production from the well shall be supplied in writing to the Division office in Santa Fe within 60 days following completion of the well. Thereafter, these percentages shall be amended only with permission of the Division office in Santa Fe.

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 4th day of May 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOANNA PRUKOP
Acting Division Director

JP/wvj

cc: Oil Conservation Division – Artesia
State Land Office – Oil, Gas, and Minerals Division