

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop Cabinet Secretary Lori Wrotenbery Director Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3147

Dana Delventhal as agent for McKay Oil and Gas, LLC P.O. Box 14738 Albuquerque, New Mexico 87191-4738

> Sullivan Well No. 3J API No. 30-045-23265 Unit A, Section 29, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico Aztec-Fruitland Sand (Gas 71200), and Undesignated Aztec-Pictured Cliffs (Gas 71280)

Dear Ms. Delventhal:

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 303.C.(1), any commingled prorated pool shall be allowed to produce up to the top allowable applicable for that pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis unless modified with permission of the Division and supplied to the Division office.

Aztec-Fruitland Sand Gas Pool	Oil-50%	Gas-2%
Undesignated Aztec-Pictured Cliffs Gas Pool	Oil-50%	Gas-98%

Administrative Order DHC-3147 McKay Oil and Gas, LLC April 24, 2003 Page 2

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Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 24th day of April 2003.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

woss)

LORI WROTENBERY Division Director

LW/wvjj

cc: Oil Conservation Division – Aztec