

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-326

3288

Burlington Resources Oil & Gas Company LP P.O. Box 4289 Farmington, NM 87499

Attention: Tammy Wimsatt

Hamner Federal Well No. 1M API No. 30-045-32059 Unit G, Section 35, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico Basin-Dakota (Prorated Gas - 71599), Otero-Chacra (Gas - 82329), and Blanco-Mesaverde (Prorated Gas - 72319) Pools

Dear Ms. Wimsatt:

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.

Fixed percentages for production allocation between pools shall be supplied to the Division and to all revenue interest owners in writing within 60 days following completion of the workover.

REMARKS: The operator shall notify the Aztec 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Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the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 2nd day of June 2004.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.

Director

MEF/wvjj

cc: Oil Conservation Division - Aztec

Bureau of Land Management - Farmington