



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

April 5, 1988

Amended Administrative Order No. DHC-195

Exxon Company, U.S.A.
P.O. Box 1600
Midland, TX 79702-1600

Attention: James D. Howell

Re: N.G. Penrose Well No. 3
Unit G, Section 13, Township 22 South,
Range 37 East, NMPM, Lea County, New
Mexico.
Drinkard, Wantz Granite Wash and Blinebry Oil
and Gas Pools

Dear Mr. Howell:

Reference is made to your recent application for an amendment to Administrative Order No. DHC-195, dated June 7, 1976, which authorized the downhole commingling of production from the Drinkard and Wantz Granite Wash pools in the wellbore, to permit the addition at a third zone of production to be commingled 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 subject to the following provisions:

- (1) Each newly completed zone shall be separately tested a minimum of 30 days or until such time as production has stabilized.

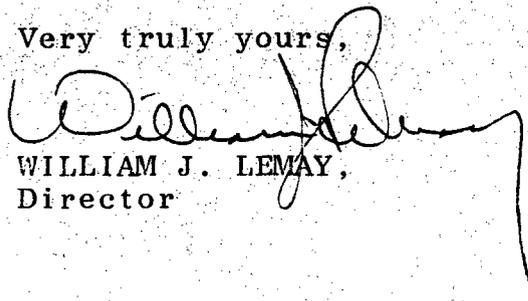
- (2) The Blinebry zone shall not be commingled should it be determined after testing that said zone is a gas zone subject to the Gas Proration Rules and Regulations for the Blinebry Oil & Gas Pool.

In accordance with the provisions of Rule 303.C.4., and provided the above provisions are met, commingled oil production from the subject well shall not exceed 50 barrels per day, and total water production from the well shall not exceed 100 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2000 by the top unit allowable for the Wantz Granite Wash Pool.

In accordance with the provisions of Rule 303-C, the supervisor of the Hobbs District Office of the Oil Conservation Division shall determine the proper allocation of production from the subject well following its completion.

Pursuant to Rule 303-C-5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,



WILLIAM J. LEMAY,
Director

WJL/DRC/ag

cc: Gas Co. of N.M.
OCD District Office - Hobbs