



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3357

Hallador Petroleum, LLP
1660 Lincoln Street
Suite 2700
Denver, CO 80264

Attention: Timothy Lovseth

*Horton Well No. 1A
API No. 30-045-21955
Unit G, Section 7, Township 31 North, Range 11 West, NMPM,
San Juan County, New Mexico
Blanco-Mesaverde Prorated Gas (72319), and
Basin-Dakota Prorated Gas (71599) Pools*

Dear Mr. Lovseth:

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 written permission of the Division and after notification of all revenue interest owners with chance to object.**

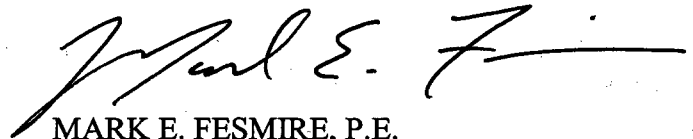
Blanco-Mesaverde Prorated Gas Pool	Oil-0%	Gas-45%
Basin-Dakota Prorated Gas Pool	Oil-100%	Gas-55%

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Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 8th day of November 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Division Director

MEF/wvjj

cc: Oil Conservation Division – Aztec
Bureau of Land Management - Farmington