STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

November 9, 1983

TONEY ANAYA

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-5800

Administrative Order No. DHC-436

Amoco Production Company P. O. Box 68 Hobbs, New Mexico 88240

Attention: S. J. Okerson, District Superintendent

Re: State "FU" Well No. 1; 1980' FSL and 1980' FWL of Sec. 25, T-18-S, R-34-E, Lea County, New Mexico Airstrip Upper Bone Springs and Airstrip Wolfcamp Pools Effective: November 7, 1983

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle the production from both 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.

In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 80 barrels per day, and total water production from the well shall not exceed 160 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2,000 by top unit allowable for the Airstrip Upper Bone Springs Pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Airstrip Upper Bones Springs Pool: Oil 53%, Gas 33% Airstrip Wolfcamp Pool: Oil 47%, Gas 67%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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

JOE D. RAMEY,

Division Director