



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

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

March 6, 1984

Administrative Order No. DHC-461

Southland Royalty Company
P.O. Drawer 570
Farmington, New Mexico 87401

Attention: Terry Hobbs

Re: SRC-Reid #19
1030' FNL and 1470" FEL,
Section 18, T-28N, R-9W,
Basin Dakota and Blanco
Mesaverde Pools, San Juan
County, New Mexico

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 40 barrels per day, and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be

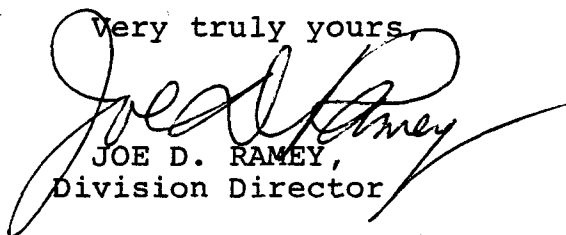
determined by multiplying the initial combined gas production from both zones by 125%.

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

Basin Dakota Pool: Oil ⁴⁵~~50~~ %, Gas ⁸⁰~~60~~ %
Blanco Mesaverde Pool: Oil ⁵⁵~~20~~ %, Gas ²⁰~~50~~ %

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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

Note: Allocation should be

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|-----------------------|-----|-----|-----|-----|
| Basin Dakota Pool | Oil | 45% | Gas | 80% |
| Blanco Mesaverde Pool | Oil | 55% | Gas | 20% |

Amended 1-2-85