



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

August 1, 1986



1935 - 1985

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SANTA FE, NEW MEXICO 87501
(505) 827-5800

Dugan Production Corporation
P.O. Box 208
Farmington, New Mexico 87499-0208

Administrative Order No. DHC-621

Attention: Steve Folk

Re: Johnston-Shear No. 1
Unit H, Sec. 3, T-26N,
R-3W, Rio Arriba County, NM
Blanco Mesaverde Pool and
Undesignated Pictured Cliffs Oil
Pool

Gentlemen:

Reference is made to your recent application on behalf of Siverridge Corporaation 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 and which authorized the dual completion and required separation of the two zones, is hereby placed in abeyance.

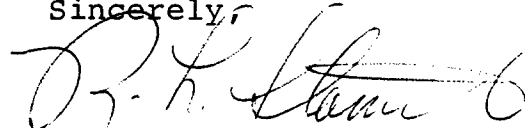
In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 30 barrels per day, and total water production from the well shall not exceed 60 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the allowable for the respective prorated gas pool as printed in the Division's San Juan Basin Proration Schedule.

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

Upper Pool:	(Oil)	85%, Gas 0%
Lower Pool:	(Condensate)	15%, Gas 100%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Sincerely,



R. L. STAMETS,
Director