STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT



BRUCE KING

GOVERNOR

OIL CONSERVATION DIVISION

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

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ADMINISTRATIVE ORDER DHC-807

Petroleum Production Management, Inc. P.O. Box 957 Crossroads, New Mexico 88114

Attention: Gary T. Cothran

State "19" Well No. 1

Unit I, Section 19, Township 13 South, Range 33 East, NMPM, Lea

County, New Mexico.

Baum Upper Penn & Undesignated Wolfcamp Pools

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 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 any Division Order 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 70 barrels per day, and total water production shall not exceed 140 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 Baum Upper Penn Pool.

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

Upper Penn Pool: Oil 45% Gas 50% Wolfcamp Pool: Oil 55% Gas 50%

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

WILLIAM J. LEMAY

Director

SEAL

cc: Oil Conservation Division - Hobbs