

ADMINISTRATIVE ORDER DHC-1164

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500

Attention: Mr. Jerry W. Hoover

*Lockhart 'B-35' Well No.3
Unit H, Section 35, Township 21 South, Range 37 East, NMPM,
Lea County, New Mexico.
Blinebry Oil & Gas and Tubb (Prorated Gas) Pools*

Dear Mr. Hoover:

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 40 barrels per day, and total water production shall not exceed 80 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 gas allowable for each respective prorated pool as printed in the Division's Southeast Gas Proration Schedule.

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

Blinebry Oil & Gas Pool	Oil 25%	Gas 41%
Tubb (Prorated Gas) Pool	Oil 75%	Gas 59%

FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

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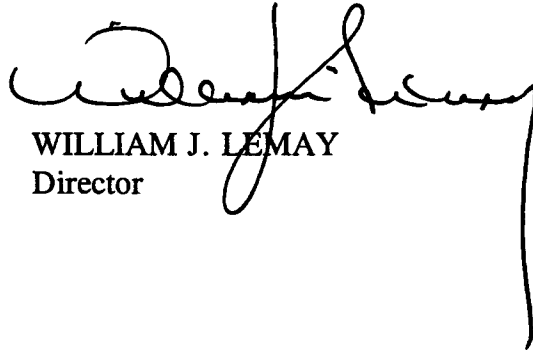
October 17, 1995

Page 2

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 17th day of October, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Hobbs