



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1330

Meridian Oil Company
P.O. Box 51810
Midland, Texas 79710-1810

Attention: Ms. Donna J. Williams

*Diamond '34' Federal Well No.2
Unit B, Section 34, Township 23 South, Range 32 East, NMPM,
Lea County, New Mexico.
Triste Draw Delaware (55930) and
Wildcat Bone Spring (pool code not yet assigned) Pools*

Dear Ms. Williams:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject 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 zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C., the daily allowable producing rates from the subject well are hereby established as follows:

| | | |
|-------------|---------------|---------------|
| Oil 107 B/D | Gas 214 Mcf/D | Water 214 B/D |
|-------------|---------------|---------------|

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

| | | |
|---------------------------|---------|---------|
| Triste Draw Delaware Pool | Oil 65% | Gas 50% |
| Wildcat Bone Spring Pool | Oil 35% | Gas 50% |

In accordance with the provisions of Rule 303.C., the supervisor of the Hobbs District Office of the Oil Conservation Division shall determine the proper allocation of production from the subject well following its completion.

Administrative Order DHC-1330

Meridian Oil Company

August 26, 1996

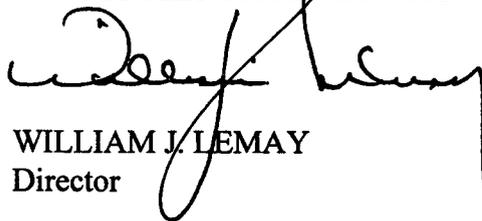
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REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein 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 26th day of August, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL

WJL/BES

cc: Oil Conservation Division - Hobbs
Bureau of Land Management - Carlsbad