



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-1672

Texaco Exploration & Production Inc.
205 E. Bender Blvd.
Hobbs, New Mexico 88240

Attention: Ms. Paula S. Ives

*R.R. Sims "A" Well No. 7
API No. 30-025-32501
Unit M, Section 4, Township 23 South, Range 37 East, NMPM,
Lea County, New Mexico.
North Teague Lower Paddock-Blaine (96314) and
North Teague Drinkard-Abo (96313) Pools*

Dear Ms. Ives:

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 642 MCF/D Water 214 B/D

The applicant shall consult with the supervisor of the Hobbs District Office of the Division upon completion and testing of the well in order to establish a method of allocation of production from each of the commingled zones. Upon approval by the Division's District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

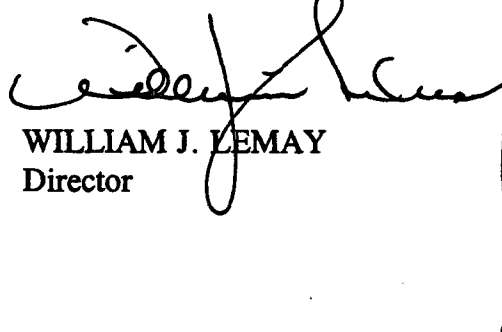
REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

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Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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 25th day of September, 1997.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/DRC

cc: Oil Conservation Division - Hobbs