



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-1681

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

Mr. Jerry W. Hoover

*Skaggs "B" No. 7
API No. 30-025-28570
Unit B, Section 12, Township 20 South, Range 37 East, NMPM,
Lea County, New Mexico.
Monument-Tubb(47090), and
Skaggs-Drinkard (57000) 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 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 222 B/D

Gas 2220 MCF/D

Water 444 B/D

Production from the subject well shall be allocated as follows:

Gas and oil production from the Skaggs-Drinkard Pool shall be determined utilizing the production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas and oil production from the Monument-Tubb Pool shall be determined by subtracting Skaggs-Drinkard Pool production from the well's total monthly gas and oil production.

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September 25, 1997

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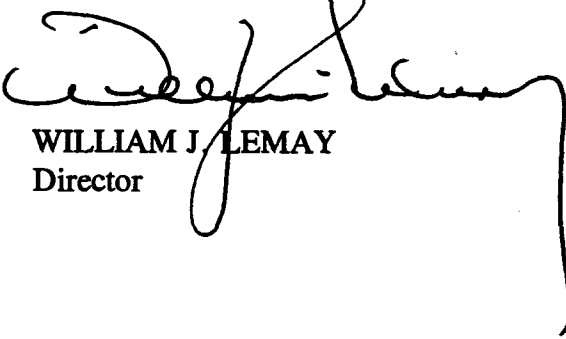
The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

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 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
Bureau of Land Management-Carlsbad