



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-1753

Armstrong Energy Corporation  
C/O Pecos Petroleum Engineering, Inc.  
P.O. Box 2885  
Roswell, New Mexico 88202

Attention: Mr. Bruce A. Stubbs

*Mobil "24" Federal Well No. 1  
API No. 30-025-30839  
Unit K, Section 24, Township 19 South, Range 34 East, NMPM,  
Lea County, New Mexico.  
Wildcat Delaware and  
Lea-Bone Spring (Oil-37570) Pools*

Dear Mr. Stubbs:

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 230 B/D                      Gas 460 MCF/D                      Water 460 B/D

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

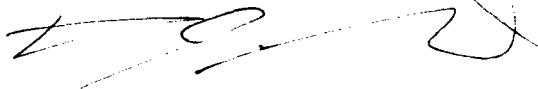
Wildcat Delaware Pool	Oil 58%	Gas 0%
Lea-Bone Spring Pool	Oil 42%	Gas 100%

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Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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 14th day of January, 1998.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



KATHLEEN A. GARLAND  
Acting Director

S E A L

KAG/DRC

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