



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-2438

Chevron U.S.A. Production Company
P.O. Box 1150
Midland, Texas 79702

Attention: Mr. C.A. Wright

*Hugh No. 10
API No. 30-025-25003
Unit C, Section 14, Township 22 South, Range 37 East, NMPM,
Lea County, New Mexico.
Drinkard (Oil - 19190),
Wantz-Abo (Oil - 62700) and
Wantz-Granite Wash (Oil - 62730) Pools*

Dear Mr. Wright:

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 well are hereby established as follows:

Oil 142 B/D

Gas 852 MCF/D

Water 284 B/D

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

Drinkard Pool	Oil-20%	Gas-54%
Wantz-Abo Pool	Oil-60%	Gas-32%
Wantz-Granite Wash Pool	Oil-20%	Gas-14%

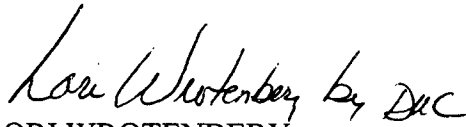
REMARKS: The Drinkard and Wantz-Granite Wash Pools are currently downhole commingled in the Hugh Well No. 10 as authorized by Division Order No. R-6840 dated November 30, 1981. This order authorizes the addition of the Wantz-Granite Wash Pool and amends the allocation formula for the well accordingly.

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Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 23rd day of August, 1999.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Hobbs