



**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-2480

Louis Dreyfus Natural Gas
14000 Quail Springs Parkway
Suite 600
Oklahoma City, Oklahoma 73134-2600

Attention: Mr. Terrye D. Bryant

*Sheep Draw Federal Com No. 1
API No. 30-015-26847
Unit B, Section 33, Township 22 South, Range 26 East, NMPM,
Eddy County, New Mexico.
Sheep Draw-Strawn (Gas - 85200), and
Happy Valley-Morrow (Gas - 78060) Pools*

Dear Mr. Bryant:

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 amendment 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.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated gas pool as printed in the Division's Southeast Gas Proration Schedule.

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

| | | |
|------------------------------|---------|---------|
| Sheep Draw-Strawn Gas Pool | Oil-N/A | Gas-17% |
| Happy Valley-Morrow Gas Pool | Oil-N/A | Gas-83% |


Administrative Order DHC-2480
Louis Dreyfus Natural Gas
October 12, 1999
Page 2

REMARKS: The operator shall notify the Artesia 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Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 12th day of October, 1999.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery by DRC".

LORI WROTENBERY
Director

S E A L

LW/DRC

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