



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-2885

Breck Operating Corporation
P.O. Box 911
Breckenridge, Texas 76424

Attention: Ms. Frances Flournoy

*Malaga Com No. 1
API No. 30-015-22853
Unit G, Section 3, Township 24 South, Range 28 East, NMPM,
Eddy County, New Mexico
North Malaga-Delaware (Oil – 42960) and
North Malaga-Bone Springs (Oil – 42800) Pools*

Dear Ms. Flournoy:

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.(1), each of the commingled pools shall be allowed to produce up to the top oil allowable and top casinghead gas allowable applicable for that pool.

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

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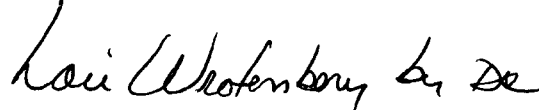
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|--------------------------------|---------|---------|
| North Malaga-Delaware Pool | Oil-55% | Gas-86% |
| North Malaga-Bone Springs Pool | Oil-45% | Gas-14% |

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

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 27th day of March, 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division – Artesia