New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order DHC-4041 Order Date: June 24, 2008

Mewbourne Oil Company PO Box 5270 Hobbs, NM 88241

Attention: Robin Terrell

Pearl 26 State Well No. 1 API No: 30-025-38241

Unit G, Section 26, Township 19 South, Range 35 East, NMPM

Lea County, New Mexico

Pool:

Names:

Undesignated North Pearl Morrow Gas

Gas 82680

North Pearl Barnett Gas

Gas 97623

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 or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be as follows.

| North Pearl Morrow Gas Pool | Pct Gas: 47 | Pct Oil: 25 |
|------------------------------|-------------|-------------|
| North Pearl Barnett Gas Pool | Pct Gas: 53 | Pct Oil: 75 |

These percentages shall be amended only with written permission of the Division.

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of commingling operations.



Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.

Director

cc: Oil Conservation Division – Hobbs

State Land Office - Oil, Gas, and Minerals Division