

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-4060

Order Date: 7/24/2008

Application Reference Number: pKVR0820355476

TORCH ENERGY SERVICES, INC.
1331 Lamar St, Suite 1450,
Houston, TX 77010

Attention: MELANIE REYES

COOPER JAL UNIT Well No. 501
API No: 30-025-38180
Unit D, Section 18, Township 24 South, Range 37 East, NMPM
Lea County, New Mexico

Pool: JALMAT;TAN-YATES-7 RVRs (OIL) Oil 33820
Names: LANGLIE MATTIX;7 RVRs-Q-GRAYBURG Oil 37240

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.

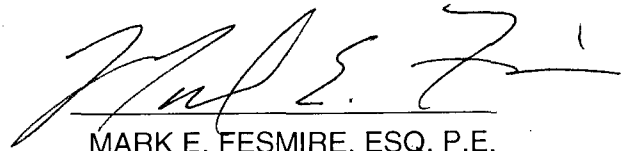
Assignment of allowable and allocation of production from the well shall be as follows:

JALMAT;TAN-YATES-7 RVRs (OIL) Pool	Pct Gas: 5	Pct Oil: 5
LANGLIE MATTIX;7 RVRs-Q-GRAYBURG Pool	Pct Gas: 95	Pct Oil: 95

REMARKS: The operator shall notify the Division's district office 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Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



MARK E. FESMIRE, ESQ. P.E.
Director

MEF/wvjj

cc: Oil Conservation Division – Hobbs