

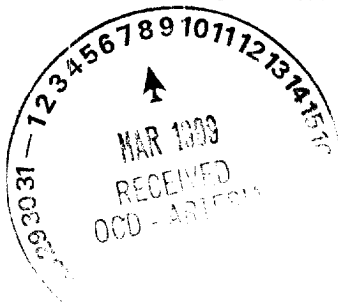


NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-2210

ARCO Permian
P.O. Box 1610
Midland, Texas 79702



Attention: Ms. Elizabeth A. Casbeer

*Lago Rosa "4" Federal No. 5
API No. 30-015-30234
Unit L, Section 4, Township 18 South, Range 27 East, NMPM,
Eddy County, New Mexico.
Red Lake Queen-Grayburg-San Andres (Oil - 51300), and
Empire-Yeso (Oil - 96210) Pools*

Dear Ms. Casbeer:

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 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.

In accordance with the provisions of Rule 303.C., the daily allowable producing rates from the well are hereby established as follows:

Oil-80 BOPD Gas-160 MCFGD Water-160 BWPD

The applicant shall consult with the supervisor of the Artesia District Office of the Division upon completion and testing of the well in order to establish a fixed allocation of production from each of the commingled zones. Upon approval by the Division's District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

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