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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

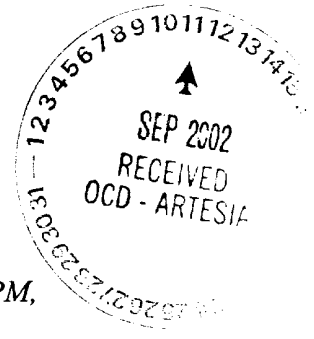
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3042

Marbob Energy Corporation
PO Box 227
Artesia, New Mexico 88211-0227

Attention: Mr. Brian Collins

*New Mexico DC State Well No. 1
API No. 30-015-23942
Unit H, Section 18, Township 19 South, Range 29 East, NMPM,
Eddy County, New Mexico
West Palmillo-Wolfcamp (Oil-49575), and
Palmillo-Upper Penn (Oil-49565) Pools*



Dear Mr. Collins:

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 well bore.

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 oil pools shall be allowed to produce up to the top oil allowable and top casing head 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 unless modified with permission of the Artesia District Office and copied to this office:

West Palmillo-Wolfcamp Pool	Oil-22%	Gas-59%
Palmillo-Upper Penn Pool	Oil-78%	Gas-41%

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Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 3rd day of September 2002.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Division Director

LW/wvjj

cc: Oil Conservation Division – Artesia /
State Land Office – Santa Fe