



**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-2450

Hallwood Petroleum, Inc.
P.O. Box 378111
Denver, Colorado 80237

Attention: Mr. Kevin E. O'Connell



*Ocotillo Hills Com No. 2
API No. 30-015-21573
Unit G, Section 21, Township 21 South, Range 26 East, NMPM,
Eddy County, New Mexico.
Avalon Upper-Penn (Gas - 71000),
Avalon-Strawn (Gas - 71080), and
Avalon-Morrow (Gas - 70920) Pools*

Dear Mr. O'Connell:

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 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.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated gas pool as printed in the Division's Southeast Gas Proration Schedule.

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

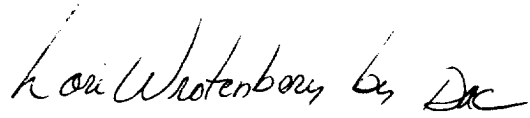
Avalon Upper-Penn Gas Pool	Oil-15%	Gas-3%
Avalon-Strawn Gas Pool	Oil-78%	Gas-46%
Avalon-Morrow Gas Pool	Oil-7%	Gas-51%

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

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 7th day of September, 1999.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Artesia /
Bureau of Land Management-Carlsbad
State Land Office-Oil & Gas Division