



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
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Cabinet Secretary

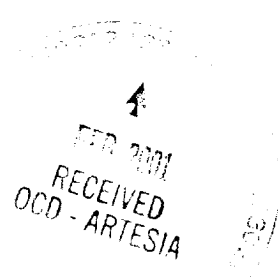
Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-2871

Vernon E. Faulconer, Inc.
P.O. Box 7995
Tyler, Texas 75711

Attention: Mr. Roy Sloan, Jr.

*Challenger-Rayroux No. 1
API No. 30-015-24596
Unit P, Section 19, Township 21 South, Range 27 East, NMPM,
Eddy County, New Mexico.
East Carlsbad-Wolfcamp (Gas – 74160) and
Burton Flat-Morrow (Prorated Gas – 73280) Pools*



Dear Mr. Sloan:

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 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:

East Carlsbad-Wolfcamp Gas Pool	Oil-N/A	Gas-81%
Burton Flat-Morrow Gas Pool	Oil-N/A	Gas-19%

Administrative Order DHC-2871

Vernon E. Faulconer, Inc.

February 19, 2001

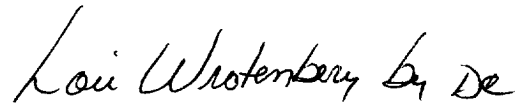
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REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 19th day of February, 2001.

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