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Midland, TX 79702-0552  
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January 5, 1998

State of New Mexico  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87505

Gentlemen:

On October 14, 1997, Division Order No. R-10893 was issued by your office. This order, which expands the South Dagger Draw Upper Penn Associated Pool, has a direct affect on Commingling Order PLC-124, dated June 24, 1997. Specifically, it affects the production from Section 3, T-21-S, R-23-E. This section presently has two (2) producing wells. Up until October 14, both wells were in the same pool and produced into the same production separator, with well tests used to allocate production. With the change in pool rules, the production from Comanche Federal "3" Well No. 1, Lease No. NM0384623 in the NE quarter of Section 3, is now from the South Dagger Draw Upper Penn Associated Pool while the North Indian Basin Gas Com. Well No. 3, Lease No. NM05608 in the SW quarter of section 3, produces from the Indian Basin Upper Penn Gas Pool. In accordance with the previously approved commingling permit, the production will continue to be routed to the common production separator and allocated back to the contributing sources by regular well tests.

Attached you will find an amended Acreage Dedication (Form C-102) for each of the above mentioned wells. If you need further information or have any questions, please call Ginny Larke at (915) 687-8449.

Sincerely,

A handwritten signature in cursive script, reading 'A. B. Schoffmann'.

A. B. Schoffmann  
Indian Basin Asset Team Manager

ABS/vll:wpfctcomanch1.wpd

Attachments

xc: Tim Gum  
Dist. II Manager

