

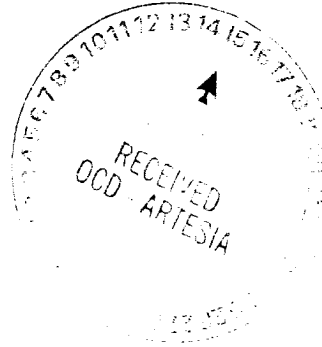


**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

ADMINISTRATIVE ORDER DHC-2481

Merit Energy Company
12222 Merit Drive
Suite 1500
Dallas, Texas 75251



Attention: Ms. Lynne Moon

*Federal 4 Com No. 2
API No. 30-015-29422
Unit B, Section 4, Township 21 South, Range 27 East, NMPM,
Eddy County, New Mexico.
La Huerta-Delaware (Oil - 37290) and
Undesignated Burton Flats-Bone Spring (Associated - N/A) Pools*

Dear Ms. Moon:

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.

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

Oil 107 B/D

Gas 214 MCF/D

Water 214 B/D

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

La Huerta-Delaware Pool	Oil-52%	Gas-41%
Undesignated Burton Flat-Bone Spring Associated Pool	Oil-48%	Gas-59%