

(7) That the reservoir characteristics of each of the subject zones appear to be such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That the applicant should determine the rate of liquids production 90 days after commingling.

(9) That the Director of the Division should require the installation of a standing valve or other zone separation equipment if the rate of liquids production should appear excessive.

(10) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Artesia district office of the Division any time the subject well is shut-in for 7 consecutive days.

(11) That in order to allocate the commingled production to each of the commingled zones in the well, applicant should consult with the supervisor of the Artesia district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Phillips Petroleum Company, is hereby authorized to commingle Atoka and Morrow production within the wellbore of the Drag A Well No. 1, located in Unit C of Section 18, Township 23 South, Range 27 East, NMPM, South Carlsbad Field, Eddy County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Artesia district office of the Division and determine an allocation formula for the allocation of production to each zone in the subject well.

(3) That approximately 90 days following the date of downhole commingling the applicant shall conduct a production test on said well to determine its volume of liquids production.

(4) That the applicant shall notify the Artesia district office of the Division of the date and time of such test in order that it may, at the option of the Division, be witnessed.