

Attention: S. J. Okerson

Re: State "W" Well No. 1, 1980' FNL and 1980' FEL, Sec. 3, T-23-S, R-26-E, Eddy County South Carlsbad Morrow and South Carlsbad Atoka Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations for the subject dually completed well to permit the removal of the down-hole separation equipment and to commingle the production from both 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 Division Order No. MC-2006 Form C-107, dated January 8, 1973 which authorized the dual completion and required separation of the two zones, is hereby placed in abeyance.

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

Upper Pool: Condensate 50%, Gas 30% Lower Pool: Condensate 50%, Gas 70%