



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenberg
Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3086

Saga Petroleum L.L.C.
415 W. Wall
Suite 1900
Midland, Texas 79701

Attention: Ms. Bonnie Husband

*Conoco State Well No. 3
API No. 30-025-35961
Unit J, Section 33, Township 18 South, Range 38 East, NMPM,
Lea County, New Mexico.
Wildcat-Tubb (Gas – N/A) and
Hobbs-Drinkard (Oil – 31730)*

Dear Ms. Husband:

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.(1), each of the commingled oil pools shall be allowed to produce up to the top oil allowable and top casing head gas allowable applicable for that pool.

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

Wildcat-Tubb Gas Pool	Oil-70%	Gas-54%
Hobbs-Drinkard Oil Pool	Oil-30%	Gas-46%

Administrative Order DHC-3086

Saga Petroleum, L.L.C.

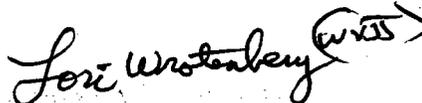
December 12, 2002

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Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 12th day of December 2002.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Handwritten signature of Lori Wrotenbery in cursive script, with a circled 'wvs' and an arrow pointing to the right.

LORI WROTENBERY
Director

SEAL

LW/wvjj

cc: Oil Conservation Division - Hobbs
State Land Office-Oil & Gas Division