



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

July 26, 1983

TONY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Amended
Administrative Order No. DHC-405

Lobo Production Company
P. O. Box 2364
Farmington, New Mexico 87401

Attention: R. E. Lauitsen and Gary Roberts

Re: Gulf State 36 Well No. 1, Unit A
Sec. 36, T-23-N, R-6-W, Sandoval
County, New Mexico; Counselors
Gallup and Venado Mesaverde Pools

Gentlemen:

Your recent application for an exception to Rule 303-A of the Division Rules and Regulations permitting the wellbore commingling of production from two pools has been reviewed.

Based on the submitted data, it appears the subject well qualifies for downhole commingling with no apparent damage to the reservoir, no violation of correlative rights, and no waste of hydrocarbons from such approval. You are hereby authorized to commingle production from the Counselors Gallup and Venado Mesaverde Pools pending verification of the following:

1. A producing rate test of the Venado Mesaverde Pool to establish an allocation formula. The length of the test will be specified by the Aztec District Office.
2. A pressure test of the Venado Mesaverde Pool by a means acceptable to the District Supervisor.

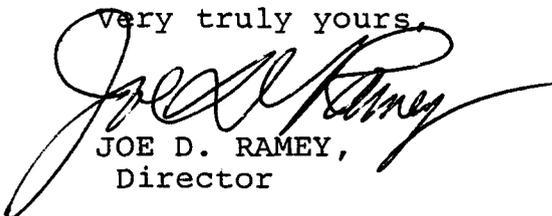
In accordance with the provisions of Rule 303C.4, total commingled oil production from the subject well shall not exceed 30 barrels per day, and total water production from the well shall not exceed 60 barrels per day. The maximum amount of gas which may be produced daily from the well shall be

determined by multiplying a GOR of 2,000 by top unit allowable for the Venado Mesaverde Pool.

Assignment of allowable to the well shall be determined after completing and producing the Venado Mesaverde Pool. Calculated pool allocations figures and pressure tests should be reviewed and accepted by the Aztec District Office before forwarding them to this office. Tests should be completed and filed with office within 30 days after completing the Venado Mesaverde Pool.

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being served by such commingling.

Very truly yours,

A handwritten signature in black ink, appearing to read "Joe D. Ramey", written over the typed name and title.

JOE D. RAMEY,
Director

cc: Gilbert P. Quintana