



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

July 23, 1984

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

Administrative Order No. DHC-477

Chace Oil Company
313 Washington, S.E.
Albuquerque, New Mexico 87108

Attention: Sally Sawyer, Secretary

Re: Chace Apache 54 Well No. 1
Unit A, Sec. 3, T-22-N, R-3-W,
Sandoval County, New Mexico
Chacon Dakota Associated and
Undesignated Gallup

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well 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.

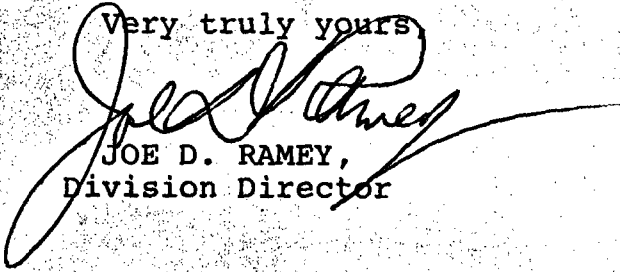
In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2,000 by top unit allowable for the Undesignated Gallup Pool.

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

Chacon Dakota Associated Pool:	Oil 62%, Gas 45%
Undesignated Gallup Pool:	Oil 38%, Gas 55%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,



JOE D. RAMEY,
Division Director