



TONY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

April 22, 1985

50 YEARS



1935 - 1985

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

Administrative Order No. DHC-552

Marathon Oil Company
P. O. Box 2409
Hobbs, New Mexico 88240

Attention: Thomas F. Zapatka

Re: Dayton Hardy Well No. 1, Unit I,
Sec. 20, T-21-S, R-37-E, NMPM, Lea County
Penrose Skelly Grayburg and Eumont Queen Pools

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 and any Division Order which authorized the dual completion and required separation of the two zones, is hereby placed in abeyance.

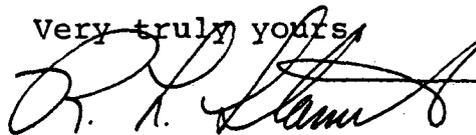
In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 20 barrels per day, and total water production from the well shall not exceed 40 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 10,000 by top unit allowable for the Penrose Skelly Grayburg Pool.

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

Eumont Queen Pool: Oil 100%, Gas 80%
Grayburg Pool: Oil 0%, Gas 20%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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

A handwritten signature in cursive script, appearing to read "R. L. Stamets", written over a horizontal line.

R. L. STAMETS,
Director