



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

December 7, 1987

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Administrative Order No. DHC-682

Penroc Oil Corporation
P.O. Box 5970
Hobbs, NM 88241

Attention: M. Y. Merchant

Re: Conoco State Well No. 2
Unit K, Section 33, Township 18 South,
Range 38 East, NMPM, Lea County, New Mexico
Hobbs Drinkard & Hobbs Blinebry Oil and Gas Pool

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.

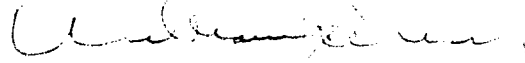
In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2000 by the top unit allowable for the Hobbs Blinebry Pool.

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

Blinebry Pool: Oil 40%, Gas 17%
Drinkard Pool: Oil 60%, Gas 87%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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



WILLIAM J. LEMAY,
Director

cc: Gas Co. of N.M.
OCD District Office - Hobbs