



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1604

Conoco Inc.
10 Desta Drive
Suite 100W
Midland, Texas 79705-4500
Attention: Mr. Jerry W. Hoover

*San Juan 28-7 Unit No. 126
API No. 30-039-07161
Unit M, Section 1, Township 27 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319) and
Basin-Dakota (Prorated Gas - 71599) pools*

Dear Mr. Hoover:

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.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

The applicant shall consult with the supervisor of the Aztec District Office of the Division upon completion and testing of the well in order to establish a fixed allocation of production from each of the commingled zones. Upon approval by the Division's District Office, the applicant shall submit the following described data to the Santa Fe Office of the Division:

- a) Initial production and/or test data from newly completed zones within the subject well; and,

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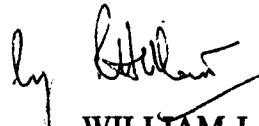
- b) Allocation formula to be utilized in allocating production to each of the commingled zones as approved by the Division's District Office.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 18th day of July, 1997.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

by  Deputy Director
WILLIAM J. LEMAY
Director

S E A L

WJL/EB

cc: Oil Conservation Division - Aztec
Bureau of Land Management - Farmington