



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-1937

Conoco Inc.
10 Desta Drive
Suite 100W
Midland, Texas 79705-4500

Ms. Kay Maddox

*Lockhart A "27" No. 9
API No. 30-025-06802
Unit E, Section 27, Township 21 South, Range 37 East, NMPM,
Lea County, New Mexico.
Drinkard (Oil-19190), and
Blinebry Oil & Gas (Oil-06660) Pools*

Dear Ms. Maddox:

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.

In accordance with the provisions of Rule 303.C., the daily allowable producing rates from the subject well are hereby established as follows:

Oil 107 B/D Gas 428 MCF/D Water 214 B/D

Production from the subject well shall be allocated as follows:

Gas and oil production from the Drinkard Pool shall be determined utilizing the production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas and oil production from the Blinebry Oil & Gas Pool shall be determined by subtracting Drinkard Pool production from the well's total monthly gas and oil production.

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The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

REMARKS: The operator shall notify the Hobbs 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Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 22nd day of May, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Hobbs
Bureau of Land Management-Carlsbad