

**Jones, William V., EMNRD**

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**From:** Tim Lovseth [timlovseth@qwest.net]  
**Sent:** Wednesday, March 22, 2006 5:33 PM  
**To:** Jones, William V., EMNRD  
**Subject:** Horton #1C API No. 30-045-33061

Dear Mr. Jones:

As we discussed on the phone today, Administrative Order DHC-3468 should have read:

Blanco-Mesaverde Pool Oil-39% Gas-54%

Basin-Dakota Pool Oil-61% Gas-46%

Hallador just noticed this transposition of the allocation percentages; therefore we request a modification to the original Administrative Order. This change is necessary because the working and royalty interests are not identical for the commingled pools. Thank you for your help in this matter and please call me at 303 839-5504 ext 317 if you have any questions.

Tim Lovseth  
Hallador Petroleum, LLP

3/23/2006



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

ADMINISTRATIVE ORDER DHC-3468

**Corrected March 22, 2006**

Hallador Petroleum, LLP  
1660 Lincoln Street  
Suite 2700  
Denver, CO 80264

Attention: Timothy Lovseth

Horton #1C  
API No. 30-045-33061  
Unit A, Section 7, Township 31N, Range 11W, NMPM,  
San Juan County, New Mexico  
BLANCO-MESAVERDE (PRORATED GAS) (72319), and  
BASIN DAKOTA (PRORATED GAS) (71599) Pools

Dear Mr. Lovseth:

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 or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be as follows.

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| BLANCO-MESAVERDE (PRORATED GAS) Pool | <b>Oil-39%</b> | <b>Gas-54%</b> |
| BASIN DAKOTA (PRORATED GAS) Pool     | <b>Oil-61%</b> | <b>Gas-46%</b> |

These percentages shall be amended only with written permission of the Division.

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

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

**Correction done at Santa Fe, New Mexico on March 22, 2006.**

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.  
Director

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