



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-2146

Arco Permian
P.O. Box 1610
Midland, Texas 79702-1610

Ms. Elizabeth Casbeer

*Red Lake "3" Federal Well No. 2
API No. 30-015-29802
Unit Letter E, Section 3, Township 18 South, Range 27 East, NMPM,
Eddy County, New Mexico.
Red Lake-Queen Grayburg San Andres (Oil - 51300), and
Northeast Red Lake-Glorieta Yeso (Oil - 96836) Pools*

Dear Ms. Casbeer:

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 80 B/D

Gas 160 MCF/D

Water 160 B/D

The applicant shall consult with the supervisor of the Artesia District Office of the Division upon completion and testing of the well in order to determine a fixed allocation of production from each of the commingled zones. Upon approval by the Artesia District Office of the Division, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

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

Administrative Order DHC-2146

Arco Permian

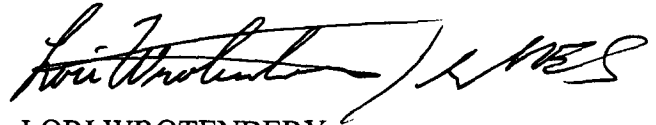
December 23, 1998

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Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 23rd day of December, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or mark.

LORI WROTENBERY
Director

S E A L

LW/MWA/kv

cc: Oil Conservation Division - Artesia
U.S. Bureau of Land Management - Carlsbad