

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-2911

McKay Oil Corporation
P.O. Box 2014
Roswell, New Mexico 88202

Attention: Mr. Bill J. Milstead

*Samedan State "16" No. 4
API No. 30-005-61813
Unit O, Section 16, Township 7 South, Range 26 East, NMPM,
Chaves County, New Mexico.
Leslie Spring-Wolfcamp (Gas – 80146) and
Pecos Slope-Abo (Gas – 82730) Gas Pools*

Dear Mr. Milstead:

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 gas pool as printed in the Division's Southeast Gas Proration Schedule.

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

Administrative Order DHC-2911

McKay Oil Corporation

May 11, 2001

Page 2

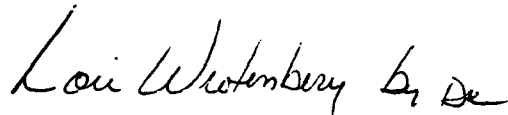
Leslie Spring-Wolfcamp Gas Pool	Oil-N/A	Gas-60%
Pecos Slope-Abo Gas Pool	Oil-N/A	Gas-40%

REMARKS: The operator shall notify the Artesia District Office of the Division upon initiation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 11th day of May 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Artesia
State Land Office-Oil & Gas Division