



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-2955

Schalk Development Company
P. O. Box 25825
Albuquerque, New Mexico 87125

Attention: Mr. Steve Schalk

*Schalk 94 No. 2A
API No. 30-045-25279
Unit P, Section 26, Township 32 North, Range 8 West, NMPM,
San Juan County, New Mexico.
Albino- Pictured Cliffs Gas – 70120) and
Blanco- Mesaverde (Prorated Gas – 72319) Pools*

Dear Mr. Schalk:

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 well bore.

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 San Juan Basin Gas Proration Schedule.

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

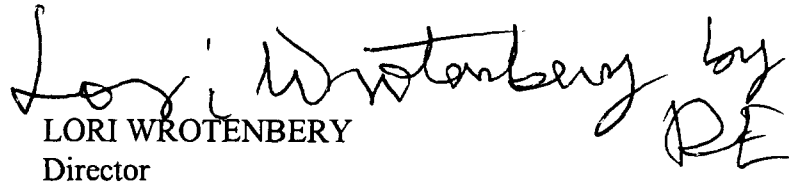
Albino- Pictured Cliffs Pool	Oil- 100%	Gas-18%
Blanco- Mesaverde Pool	Oil- 0%	Gas- 82%

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation 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Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 September, 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERG
Director

S E A L

LW/RE

cc: Oil Conservation Division – Aztec
Bureau of Land Management – Farmington
A.R. Kendrick
P. O. Box 516
Aztec, NM 87410