



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

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Cabinet Secretary

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Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 21, 2010

Administrative Order DHC-4327
Application Reference Number: pTGW1029432086

Apache Corporation
Attn: Ms. Reesa Holland
303 Veterans Airpark Lane, Suite 3000
Midland, TX 79705

Re: New Mexico S State Well No. 59
API No. 30-025-39014

Pool: Penrose Skelly; Grayburg Oil (50350)
South Eunice; San Andres Oil (24170)

Dear Ms. Holland:

Reference is made to your application for an exception to Division Rule 12.9A. to permit down hole commingling of production from the subject pools within the above-described wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 12.11A., and that reservoir damage or waste will not result from such down hole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described.

In accordance with Division Rule 12.11A(6), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

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

Penrose Skelly; Grayburg Pool	Pct Gas: 50%	Pct Oil: 52%
South Eunice; San Andres Pool	Pct Gas: 50%	Pct Oil: 48%



It is our understanding that the above allocation percentages are based on historical production from wells located in a nine-section area surrounding this well.

It is also understood that ownership of all interest in the pools from which production is being commingled is identical.

This approval is conditional upon approval by the New Mexico State Land Office prior to commencement of commingling.

The operator shall notify the Division's Hobbs district office upon implementation of commingling operations.

Pursuant to Rule 12.11B, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



MARK E. FESMIRE, P.E.
Acting Director

MEF/db

cc: Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe