



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-2861

American Inland Resources Co., LLC
P.O. Box 50938
Midland, Texas 79710

Attention: Mr. Michael D. Prichard

*New Mexico "AQ" State NCT-11 No. 3
API No. 30-025-28819
Unit K, Section 3, Township 14 South, Range 33 East, NMPM,
Lea County, New Mexico
South Baum-Wolfcamp (Oil - 4967) and
Lazy J-Penn (Oil - 37430) Pools*

Dear Mr. Prichard:

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.(1), each of the commingled pools shall be allowed to produce up to the top oil allowable and top casinghead gas allowable applicable for that pool.

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