



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-2162

Ch
Donna
McLoda

Texaco Exploration & Production Inc.
205 East Bender
Hobbs, New Mexico 88240

Mr. Britton M. McQuien

New Mexico Q State NCT-1 Well No. 38
API No. 30-025-33148
Unit Letter I, Section 36, Township 17 South, Range 34 East, NMPM,
Lea County, New Mexico.
Vacuum-Wolfcamp (Oil - 62340), and
North Vacuum-Abo (Oil - 61760) Pools

Dear Mr. McQuien:

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 355 B/D

Gas 710 MCF/D

Water 710 B/D

The applicant shall consult with the supervisor of the Hobbs 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 Hobbs District Office of the Division, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

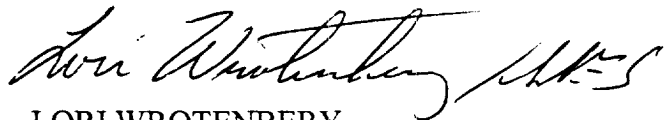
REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

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December 31, 1998
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Approved at Santa Fe, New Mexico on this 31st day of December, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

S E A L

LW/MWA/kv

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