



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-1996

Collins & Ware Inc.
508 West Wall Avenue
Suite 1200
Midland, Texas 79701-5076

Mr. Brent Lowery

*Pearl No. 1
API No. 30-025-34275
Unit J, Section 13, Township 20 South, Range 38 East, NMPM,
Lea County, New Mexico.
South House-Blinbry (Oil-33225), and
Wildcat-Abo (Oil-N/A) Pools*

Dear Mr. Lowery:

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 142 B/D

Gas 284 MCF/D

Water 284 B/D

Production from the subject well shall be allocated as follows:

| | | |
|--------------------------|---------|----------|
| South House-Blinbry Pool | Oil 80% | Gas 100% |
| Wildcat-Abo Pool | Oil 20% | Gas 0% |

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The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

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Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 21st day of July, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Handwritten signature of Lori Wrotenbery in cursive script.

LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Hobbs /