

**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-2675**

Apache Corporation
2000 Post Oak Blvd.
Suite 100
Houston, Texas 77056-4400

Attention: Ms. Debra J. Anderson

Owen "B" No. 8
API No. 30-025-34774
Unit N, Section 34, Township 21 South, Range 37 East, NMPM,
Lea County, New Mexico.
Penrose Skelly-Grayburg (Oil - 50350), and
Eunice-San Andres (Oil - 24150) Pools

Dear Ms. Anderson:

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 well are hereby established as follows:

Oil 80 B/D

Gas 800 MCF/D

Water 160 B/D

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

Penrose Skelly-Grayburg Pool	Oil-69%	Gas-86%
Eunice-San Andres Pool	Oil-31%	Gas-14%

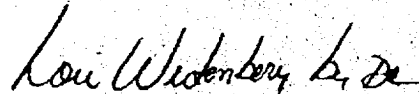
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REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 20th day of March, 2000.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

SEAL

LW/DRC

cc: Oil Conservation Division - Hobbs