



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

February 1, 1988

Administrative Order No. DHC-688

Zia Energy, Inc.
P.O. Box 2219
Hobbs, NM 88240

Attention: D. E. Bratton

Re: State "M" Well No. 48
Unit D, Section 17, Township 22 South,
Range 37 East, NMPM, Lea County, New
Mexico.
Blaine, Tubb and Drinkard Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle the production from all three 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 three zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2000 by the top unit allowable for the Tubb Oil & Gas Pool.

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

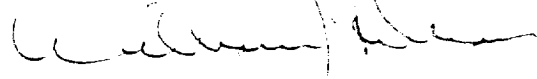
Blinebry Pool: Oil 63%, Gas 67%

Tubb Pool: Oil 4%, Gas 0%

Drinkard Pool: Oil 33%, Gas 33%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,



WILLIAM J. LEMAY,
Director

WJL/DRC/ag

cc: Gas Co. of N.M.
OCD District Office - Hobbs