



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-1564

Santa Fe Energy Resources, Inc.
550 West Texas
Suite 1330
Midland, Texas 79701

Attention: Mr. Gary L. Travis

*Mesa Verde "6" Federal Well No. 7
API No. 30-025-32613
Unit B, Section 6, Township 24 South, Range 32 East, NMPM,
Lea County, New Mexico.
Mesa Verde-Delaware (96191) and
Mesa Verde-Bone Spring (96229) Pools*

Dear Mr. Travis:

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 230 B/D

Gas 460 MCF/D

Water 460 B/D

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

| | | |
|-----------------------------|---------|---------|
| Mesa Verde-Delaware Pool | Oil 40% | Gas 35% |
| Mesa Verde-Bone Spring Pool | Oil 60% | Gas 65% |

