

CASE NO. 111278

Order No. R-10371

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TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 26: E/2, SW/4 SW/4

Section 35: All

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

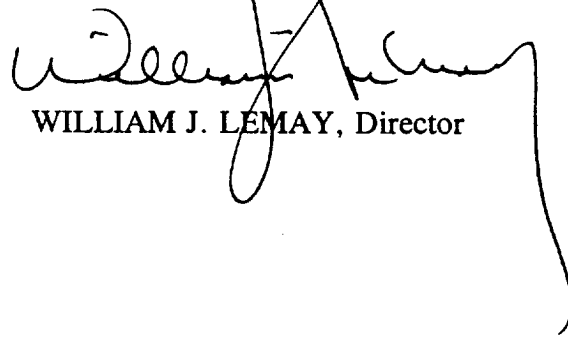
Section 2: SW/4, S/2 NW/4, NW/4 NW/4

- (2) Production from the wells within the subject area shall be allocated as follows:
- a) for existing wells where production history from both zones is available, the allocation of production shall be determined by such production history;
 - b) for existing wells where production history from only one zone is available, the applicant shall calculate remaining recoverable reserves from each zone and the allocation of production shall be determined utilizing these calculations;
 - c) for newly drilled wells, the applicant shall obtain a stabilized test rate from the Blinebry zone and a stabilized test rate from the commingled Blinebry/Tubb-Drinkard zones. The allocation of production shall be determined on the basis of such flow tests.
- (3) The applicant shall submit the data described in Ordering Paragraph No. (2) above to the Santa Fe office of the Division for approval of the allocation percentages determined for each well within the subject area.
- (4) The applicant shall notify the supervisor of the Division's Hobbs district office of the date and time of the conductance of flow tests on the newly drilled wells within the subject area in order that these tests may be witnessed.
- (5) The operator shall immediately notify the supervisor of the Hobbs District Office of the Division any time any of the subject wells have been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.
- (6) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY, Director

S E A L