



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Well Copy

ADMINISTRATIVE ORDER DHC-1277

Arch Petroleum, Inc.
10 Desta Drive, Suite 420 East
Midland, Texas 79705

Attention: Ms. Bobbie Brooks

*S.J. Carr Well No.5
Unit N, Section 10, Township 24 South, Range 37 East, NMPM,
Lea County, New Mexico.
Fowler Upper Yeso (26680) and
Wildcat G-03 S243710N; Abo (96574) Pools*

Dear Ms. Brooks:

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 production from both 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 two zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C., the daily allowable producing rates for the subject well are hereby established as follows:

| | | |
|-------------|----------------|---------------|
| Oil 187 B/D | Gas 1122 Mcf/D | Water 374 B/D |
|-------------|----------------|---------------|

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

| | | |
|---------------------------------|---------|---------|
| Fowler Upper Yeso Pool | Oil 71% | Gas 87% |
| Wildcat G-03 S243710N; Abo Pool | Oil 29% | Gas 13% |

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

Administrative Order DHC-1277

Arch Petroleum, Inc.

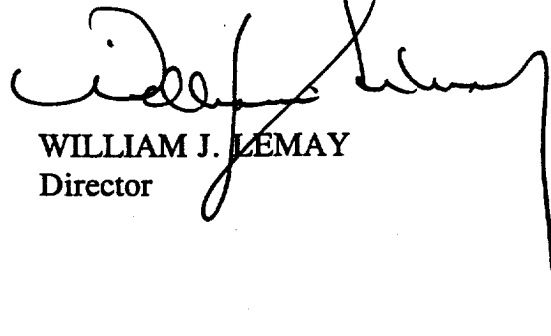
July 1, 1996

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Pursuant to Rule 303.H., the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 1st day of July, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the typed name and title.

WILLIAM J. LEMAY
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Hobbs ✓
Bureau of Land Management - Carlsbad