



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

COMMINGLING ORDER CTB-483

Pendragon Energy Partners
c/o Walsh Engineering & Production Corp.
7415 East Main
Farmington, New Mexico 87402

Attention: Mr. Paul C. Thompson

The above named company is hereby authorized to commingle Basin Fruitland Coal Gas (71629) Pool production from the following lease:

Lease: Cowsaround Federal Lease Wells No. 2-7, and 2-14R (Federal Lease No. NM16471)
Description: Section 2, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico.

Production shall be allocated to the Cowsaround 2-14R by a separate meter, plus associated pump jack and separator fuel gas volumes. The Cowsaround 2-7 production shall be the difference between the El Paso Field Services CDP meter and the Cowsaround 2-14R allocation meter, plus associated separator fuel gas volumes.

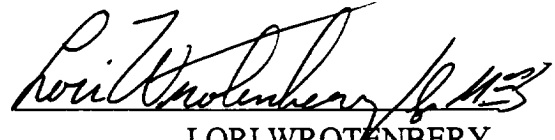
NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: The commingled natural gas production shall be delivered to a CDP meter on El Paso Field Service's pipeline in Section 2, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico.

FURTHER: The operator shall notify the Aztec district office upon implementation of the commingling process.

Commingling Order CTB-483
Pendragon Energy Partners
March 3, 1999
Page 2

DONE at Santa Fe, New Mexico, on this 3rd day of March, 1999.


LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division - Aztec /
Bureau of Land Management - Farmington