



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

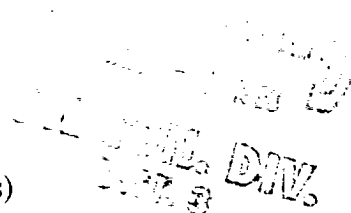
OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

COMMINGLING ORDER PC-987

Thompson Engineering Company
c/o Walsh Engineering & Production Corp.
7415 East Main St.
Farmington, New Mexico 87402

Attention: Mr. Paul C. Thompson

LEASE NAME: Hartman Wells No.1Z and 2
DESCRIPTION: N/2 (Fruitland Coal) and NW/4 (Pictured Cliffs)
Section 31, Township 29 North, Range 11 West,
NMPM, San Juan County, New Mexico

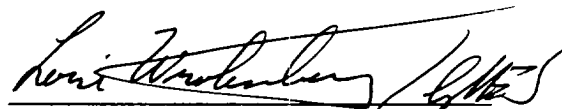


The above-named company is hereby authorized to commingle Basin Fruitland Coal (Gas – 71629) and Fulcher Kutz Pictured Cliffs (Gas – 77200) Pool gas production in a common facility and to determine production from each pool by separately metering the production from the Hartman Well No.1Z (Pictured Cliffs Pool) and determining the production from the Basin Fruitland Coal Pool by the subtraction method (accounting for 50% of compressor fuel gas).

The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 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.

DONE at Santa Fe, New Mexico, on this 24th day of November, 1998.


LORI WROTENBERY, Director

LW/BES/kv

cc: Oil Conservation Division- Aztec /