



CALPINE

YOUR COPY OF SURFACE
COMMINGE FOR TIGER 1, 2,
17, GOLDEN BEAR 3, 5

CALPINE NATURAL GAS COMPANY
TABOR CENTER
1200 17th STREET, SUITE 770
DENVER, COLORADO 80202
720.359.9144
720.359.9140 (FAX)

September 11, 2002

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico

Re: Surface Commingling Rule 19.15.5.303

Dear Sir or Madam:

Calpine Natural Gas Company, L.P. wishes to apply for an exception to Rule 303A to permit commingling in common facilities of commonly owned production from two or more common sources of supply.

Calpine Natural Gas Company, L.P. currently operates 5 wells in Section 35-30N-13W and Section 2-29N-13W. These five wells are the Tiger #1, Tiger #2, Golden Bear #3, Tiger #17 and the Golden Bear #5.

The Tiger #1 (API No. 30-045-29495) is located 1325' FSL and 1635' FEL Section 35-30N-13W, San Juan County, New Mexico. The well produces from the Fulcher-Kutz Pictured Cliffs pool (Pool No.77200). The well is currently connected to El Paso Natural Gas Company. The gas from this well is metered by El Paso at the well location. This meter will become an allocation meter for this well.

The Tiger #2 (API No. 30-045-29499) is located 1087' FSL and 1592' FWL Section 35-30N-13W, San Juan County, New Mexico. The well produces from the Fulcher-Kutz Pictured Cliffs pool (Pool No.77200). The well is currently connected to El Paso Natural Gas Company. The gas from this well is metered by El Paso at the well location. This meter will become an allocation meter for this well.

The Golden Bear #3 (API No. 30-045-29421) is located 813' FNL and 1501' FEL Section 2-29N-13W, San Juan County, New Mexico. The well produces from the Fulcher-Kutz Pictured Cliffs pool (Pool No.77200). The well is currently connected to El Paso Natural Gas Company. The gas from this well is metered by El Paso at the well location. This meter will become an allocation meter for this well.

The Tiger #17 (API No. 30-045-30823) is a newly drilled well which is located 660' FSL and 905' FWL Section 35-30N-13W, San Juan County, New Mexico. The well produces from the Basin Fruitland Coal (Gas) pool (Pool No.71629). Calpine Natural Gas Company, L.P. has constructed a natural gas pipeline, which will connect to the compressor at the Golden Bear #3 location.

The Golden Bear #5 (API No. 30-045-30765) is a newly drilled well which is located 1420' FNL and 1850' FEL Section 2-29N-13W, San Juan County, New Mexico. The well produces from the Basin Fruitland Coal (Gas) pool (Pool No.71629). Calpine Natural Gas Company, L.P. has constructed a natural gas pipeline, which will connect to the compressor at the Golden Bear #3 location.

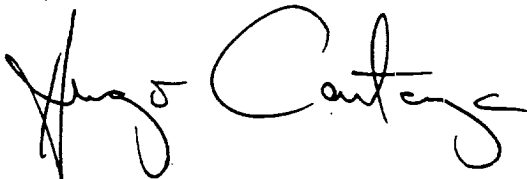
Calpine Natural Gas Company, L.P. proposes the following:

- 1.) El Paso Natural Gas will install a new central delivery point at or near the Golden Bear #3. This will serve as the sales meter for the Tiger #1, Tiger #2, Golden Bear #3, Tiger #17 and the Golden Bear #5.
- 2.) Utilize the existing compression facility at the Golden Bear #3 location to compress and surface commingle the gas from the Tiger #1, Tiger #2, Golden Bear #3, Tiger #17 and the Golden Bear #5.
- 3.) Convert the existing El Paso Natural Gas Company meter at the Golden Bear #3 to an allocation meter.
- 4.) Convert the existing El Paso Natural Gas Company meter at the Tiger #1 to an allocation meter.
- 5.) Convert the existing El Paso Natural Gas Company meter at the Tiger #2 to an allocation meter.
- 6.) Install an allocation meter at the Tiger #17.
- 7.) Install an allocation meter at the Golden Bear #5.
- 8.) The compressor fuel use will be determined by the compressor rating and allocated based on the individual well production.
- 9.) The sales for each well will be based on the gas sales from the central delivery point allocated back based on each well's allocation meter volume..

Attached please find a diagram of the surface commingling proposal.

Calpine Natural Gas Company, L.P. is requesting administrative approval to grant an exception to Rule 303A. Please feel free to call me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Hugo Cartaya". The signature is fluid and cursive, with the first name "Hugo" written in a larger, more prominent script than the last name "Cartaya".

Hugo Cartaya
Rocky Mountains Production Manager

S/2 Section 35-30N-13W
San Juan County, New Mexico

(not to scale)

