



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

SURFACE COMMINGLING ORDER PC-1150

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210-2118

Attention: Mayte Reyes

The above named company is hereby authorized to surface commingle Pecos Slope-Abo Gas (82730) Pool and Undesignated South Lesley Springs-Wolfcamp Gas (97110) Pool production from the following dually completed well located in Unit J, 1980 FSL and 1980 FEL of Section 32, T-7 South, R-26 East, NMPM, Chaves County, New Mexico:

Pennzoil SG State Well No. 1 API No. 30-005-61224

Pecos Slope-Abo Gas Pool (SE/4 of Section 32) State Lease L-6997
Undesignated South Lesley Springs-Wolfcamp Gas Pool (S/2 of Section 32) State Lease V-90

Production shall be allocated to each pool based on initial well tests.

It is our understanding that ownership is not identical, but consists solely of "Yates" entities who have all waived any objection to commingling these pools in this manner. It is also our understanding the State Land Office has given preliminary approval for this commingling.

NOTE: It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Artesia district office prior to implementation of this commingling operation.

DONE at Santa Fe, New Mexico, on this 26th day of August 2005.

Mark E. Fesmire, P.E., Director

MEF: wvjj

cc: Oil Conservation Division – Artesia
State Land Office – Oil, Gas, and Minerals Division