

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

COMMINGLING ORDER CTB-528-B

Coleman Oil & Gas, Inc.
P.O. Drawer 3337
Farmington, New Mexico 87499

Attention: Bryan Lewis

The above named company is hereby authorized to commingle, measure and sell off-lease Basin-Fruitland Coal (Gas - 71629) Pool production from the following described area ("commingled area") located in San Juan County, New Mexico. This area comprises all of parts of Federal Leases No. NM-101058, NM-104606, NM-100805, NM-100806, NM-100807, NM-015654, all of parts of Navajo Allotted Leases No. NOG-9910-1363, NOG-9911-1369, NOG-9910-1365, NOG-9911-1367, NOG-0101-1426, NOG-0101-1427, and all or parts of State of New Mexico Leases No. B-10889 and VO-5292:

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

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|-------------|------|
| Section 7: | NE/4 |
| Section 8: | All |
| Section 9: | S/2 |
| Section 10: | All |
| Section 15: | All |
| Section 16: | All |
| Section 17: | All |
| Section 18: | S/2 |
| Section 21: | All |
| Section 28: | N/2 |

Production from these gas wells shall be gathered, commingled and sold through a CDP Meter (Enterprise Meter No. 98-708-01) located in the NW/4 NW/4 of Section 10, Township 24 North, Range 10 West, NMPM. Individual well orifice flow meters shall be installed and gas sales shall be allocated based on these individual meters. Water and condensate production shall be separated at each well.

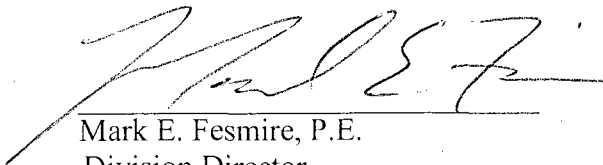
There are currently thirty-one (31) wells within the subject area that are proposed to be commingled. Additional wells located within the commingled area that are producing from the Basin-Fruitland Coal Gas Pool may be added to this gas gathering system in the future without additional notice to the interest owners within the commingled area. To add additional wells, the applicant shall notify the Santa Fe Office of the Division either by sundry notice or letter.

Pursuant to a letter request from Coleman Oil & Gas, Inc. dated June 7, 2007, the applicant is hereby further authorized to operate the subject gas gathering system, and an additional gas gathering system approved by Division Order No. CTB-556, as amended, as an open system, and to periodically, when necessary, deliver gas from one system to the other. Applicant has stated that when gas is transported from one gas gathering system to the other, gas will be allocated to each well in both gas gathering systems in accordance with the procedures set forth in Orders No. CTB-528, as amended, and CTB-556, as amended. The additional CDP Meter (Enterprise Meter No. 85-645-01) is located in the NW/4 NE/4 of Section 5, Township 24 North, Range 10 West, NMPM.

NOTE: This installation shall be installed and operated in accordance with the applicable Division rules and regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the Aztec district office of the Division prior to commingling.

DONE at Santa Fe, New Mexico, on this 14th day of August, 2007.



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: Oil Conservation Division – Aztec
State Land Office – Oil & Gas Division
Bureau of Land Management – Farmington
File-CTB-556