

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

COMMINGLING ORDER PC-1028

Cross Timbers Operating Company
2700 Farmington Avenue
Building K, Suite 1
Farmington, New Mexico 87401

Attention: Mr. Darrin L. Steed

LEASE: Jack Frost "A" No. 1 (**API No. 30-045-06267**)
(Fulcher Kutz-Pictured Cliffs Gas Pool)

DESCRIPTION: NW/4 of Section 26

LEASE: Jack Frost "D" No. 1 (**API No. 30-045-06266**)
(Basin-Dakota Gas Pool)

DESCRIPTION: W/2 of Section 26

Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico

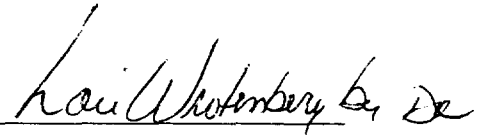
The above-named company is hereby authorized to commingle Fulcher Kutz-Pictured Cliffs (Gas – 77200) and Basin-Dakota (Prorated Gas – 71599) Pool production from the above mentioned lease and to determine production from each pool by separately metering the production from the Jack Frost "A" No. 1 and determining the Jack Frost "D" No. 1 production by the subtraction method. Oil production will not be commingled. Fuel gas usage will be allocated equally between the two wells.

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.

REMARKS: The commingled natural gas production shall be delivered to a gas sales meter located in Unit E of Section 26, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico.

FURTHER: The operator shall notify the Aztec District Office of the Division upon implementation of commingling operations.

DONE at Santa Fe, New Mexico, on this 20th day of February, 2001.

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", is written over a horizontal line.

LORI WROTENBERY,
Division Director

LW/DRC

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