



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

COMMINGLING ORDER PC-1078

Calpine Natural Gas Company
1200 17th Street, Suite 770
Denver, Colorado 80202

Attention: Mr. Hugo Cartaya

The above-named company is hereby authorized to commingle the following pools and acreage within Section 25, Township 30 North, Range 13 West, NMPM, San Juan County, New Mexico.

Arnie Well No. 3	API No. 30-045-29688
Fulcher Kutz-Pictured Cliffs (Gas 77200)	NE/4 Dedication

Arnie Well No. 4	API No. 30-045-31008
Basin-Fruitland Coal (Gas 71629)	N/2 Dedication

Gas production from each well shall be separately metered prior to commingling or determined by the subtraction method. Individual well actual gas production, sales, and BTUs shall be determined using these allocation meters, the fuel gas used, the CDP volumes, and periodic BTU tests. Compressor fuel gas usage shall be allocated according to well production rates. Oil and water production shall not be commingled.

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 meter located on the lease.

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

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Calpine Natural Gas Company
October 8, 2002
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DONE at Santa Fe, New Mexico, on this 8th day of October 2002.

Lori Wrotenberg 
LORI WROTENBERY,
Division Director

LW/wvjj

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



CALPINE

225650246

PC

NA
CALPINE NATURAL GAS COMPANY

CAROL CENTER

900 17th STREET, SUITE 1700

HOUSTON, TEXAS 77002-3091

202.459.9744

1.800.459.9744 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 19.15.5.201

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 2 wells in Section 25-30N-13W. These two wells are the Arnie #3 and the Arnie #4.

The Arnie #3 (API No. 30-045-29688) is located 1765' FNL and 1765' FEL Section 25-30N-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.

The Arnie #4 (API No. 30-045-31008) is a newly drilled well which is located 735' FNL and 660' FEL Section 25-30N-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 Arnie #3 location.

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

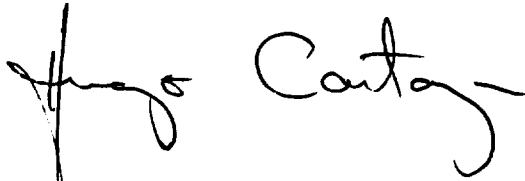
- 1.) Utilize the existing compression facility at the Arnie #3 location to compress and surface commingle the gas from the Arnie #3 and the Arnie #4 wells.
- 2.) Convert the existing El Paso Natural Gas Company meter at the Arnie #3 location to a central delivery point. This will serve as the sales meter for both the Arnie #3 and the Arnie #4.
- 3.) Install a gas chart meter at the Arnie #4 location, which will be used to allocate the production between the Arnie #3 and the Arnie #4 wells.
- 4.) The compressor fuel use will be determined by the compressor rating and allocated based on the individual well production.

- 5.) The production from the Arnie #3 well will be based on the gas sales from the central delivery point plus the compressor fuel usage less the metered volume from the Arnie #4.

Attached please find a diagram of the surface commingling proposal.

Calpine Natural Gas Company, L.P. is requesting administrative approval to grand 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 more compact, stylized script and the last name "Cartaya" in a more legible, though still cursive, script.

Hugo Cartaya
Rocky Mountains Production Manager

NE/4 Section 25-30N-13W
San Juan County, New Mexico
(not to scale)

