



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

COMMINGLING ORDER PC-704

Southland Royalty Company
P.O. Box 4289
Farmington, NM 87499-4289

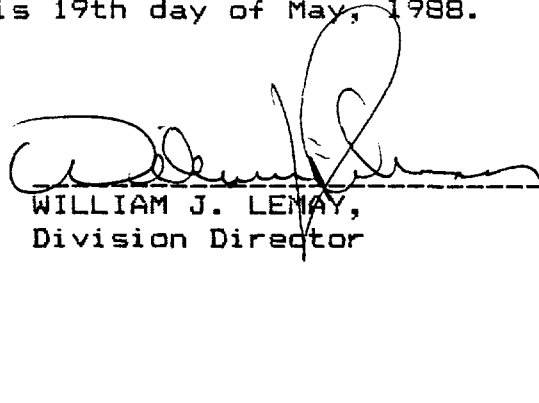
Attention: R. F. Headrick

LEASE NAME: Thompson Federal Lease
DESCRIPTION: Well No. 7, W/2 Section 34, T-31 North, R-12 West,
NMPM, San Juan County, New Mexico

The above-named company is hereby authorized to commingle Basin Dakota and Blanco Mesaverde liquids Pool production in a common tank battery and to determine the production from each pool by well tests. (All commingled production must be of marginal nature; further the operator shall notify the Santa Fe Office of the Division in the event any well in the commingled battery becomes capable of top allowable production, at which time the Division will amend this order or take such other action as may be appropriate.)

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.

DONE at Santa Fe, New Mexico, on this 19th day of May, 1988.


WILLIAM J. LENAY,
Division Director