

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-758

Zia Energy, Inc.  
P.O. Box 2219  
Hobbs, NM 88240

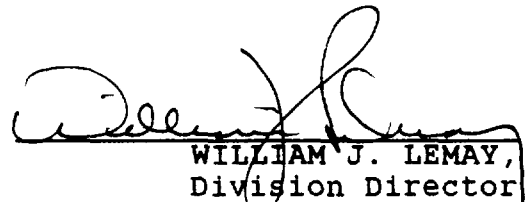
Attention: Don Bratton

LEASE NAME: Grizzell Lease  
DESCRIPTION: W/2 SE/4 Section 5, Township 22 South, Range 37  
East, NMPM, Lea County, New Mexico.

The above-named company is hereby authorized to commingle Blinebry, Penrose Skelly and Drinkard 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 21st day of June, 1989.

  
WILLIAM J. LEMAY,  
Division Director