



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-442-A

Penrock Oil Corporation
P.O. Box 2769
Hobbs, New Mexico 88241-2769

Attention: Mr. M. Y. (Merch) Merchant

The above-named company is hereby authorized to surface commingle Mescalero-San Andres Pool (Oil-45990) production from the following-described State of New Mexico leases located in Township 10 South, Range 32 East, NMPM, Lea County, New Mexico:

Lease: Harris State Lease (State Lease No. K-362)
Description: E/2 SW/4, W/2 SE/4 and NE/4 SE/4 of Section 23;

Well: Harris State Well No. 1 (API No. 30-025-20755), Unit K
Harris State Well No. 2 (API No. 30-025-21032), Unit N
Harris State Well No. 3Y (API No. 30-025-23643), Unit J
Harris State Well No. 4 (API No. 30-025-21394), Unit O

Lease: State "11" 23 Lease (State Lease No. OG-5084)
Description: NW/4, W/2 SW/4 of Section 23;

Well: State "11" 23 Well No. 1 (API No. 30-025-20501), Unit D
State "11" 23 Well No. 2 (API No. 30-025-20657), Unit E
State "11" 23 Well No. 3 (API No. 30-025-20658), Unit L
State "11" 23 Well No. 4 (API No. 30-025-20659), Unit C
State "11" 23 Well No. 5 (API No. 30-025-20660), Unit M
State "11" 23 Well No. 6 (API No. 30-025-20661), Unit F

Lease: New Mexico "E" State Lease (State Lease No. OG-671)
Description: NW/4 of Section 26;

Well: New Mexico "E" State Well No. 1 (API No. 30-025-20894), Unit D
New Mexico "E" State Well No. 2 (API No. 30-025-21045), Unit E
New Mexico "E" State Well No. 3 (API No. 30-025-21046), Unit C
New Mexico "E" State Well No. 4 (API No. 30-025-21099), Unit F
New Mexico "E" State Well No. 5 (API No. 30-025-30412), Unit D

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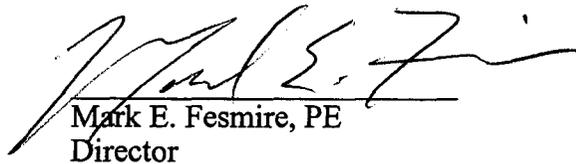
Production from each of the wells/leases shall be determined on the basis of well tests to be conducted at least on a quarterly basis.

Production shall be stored at a central tank battery facility at the Harris State Lease located in Section 23, Township 10 South, Range 32 East, NMPM, Lea County, New Mexico.

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.

The operator shall notify the Hobbs district office of the Division prior to implementation of commingling operations.

DONE at Santa Fe, New Mexico, on this 13th day of July, 2005.


Mark E. Fesmire, PE
Director

MEF/drc

cc: Oil Conservation Division – Hobbs
State Land Office-Oil & Gas Division