



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-559

Penroc 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 Lea County, New Mexico:

Lease: State "BL" Lease (State Lease No. E-1311)
Description: W/2 NW/4, SE/4 NW/4 of Section 14, Township 10 South, Range 32 East, NMPM;

Well: State "BL" Well No. 1 (API No. 30-025-00019) Unit E
State "BL" Well No. 2 (API No. 30-025-20626) Unit D
State "BL" Well No. 3 (API No. 30-025-20627) Unit F

Lease: New Mexico "A" State Lease (State Lease No. E-9713)
Description: SW/4 NW/4 of Section 11, Township 10 South, Range 32 East, NMPM;

Wells: New Mexico "A" State Well No. 1 (API No. 30-025-24769) Unit E
New Mexico "A" State Well No. 2 (API No. 30-025-27952) Unit E

Lease: New Mexico State Lease (State Lease No. E-9713)
Description: E/2 SW/4 of Section 11, Township 10 South, Range 32 East, NMPM;

Wells: New Mexico State Well No. 1 (API No. 30-025-20278) Unit N
New Mexico State Well No. 2 (API No. 30-025-00014) Unit K

Due to the diversity of ownership, production from each of the following-described well groups shall be separately metered prior to commingling:

Well Group No. 1: State "BL" Wells No. 1, 2 and 3
New Mexico "A" State Wells No. 1 & 2

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Well Group No. 2: New Mexico State Wells No. 1 & 2

Allocation of production to each of the wells within each group may be determined on the basis of monthly well tests.

Production shall be stored at a central tank battery located on the State "BL" lease in Section 14, 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 27th day of July, 2005.


Mark E. Fesmire, PE
Director

MEF/drc

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