



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Surface Commingling Order CTB-569

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Mayte Reyes

The above-named company is hereby authorized to commingle Southeast Lane-Abo Pool (36676) oil and gas production from the following two leases located in Lea County, New Mexico.

Taco AUK State Lease:

Taco AUK State Well No. 3 (API 30-025-38288)
Unit I, Section 10, Township 10 South, Range 34 East, NMPM

Merle State Unit Lease:

Merle State Unit Well No. 12 (API 30-025-38392)
Unit B, Section 14, Township 10 South, Range 34 East, NMPM
Merle State Unit Well No. 13 (API 30-025-38393)
Unit M, Section 11, Township 10 South, Range 34 East, NMPM

It is our understanding that ownership is diverse between these two leases within this Pool and the oil and gas tank battery and sales point for both leases will be located near the Taco AUK State Well No. 3.

Each of these leases shall be equipped with its own separator and allocation meter so that both oil and gas production will be continuously metered prior to commingling for sales. The two Merle State wells are approved for off-lease measurement and storage. Allocation of production between the two Merle State wells is approved based on well tests.

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 upon commencement of commingling operations.

Done, at Santa Fe, New Mexico on October 10, 2007.

MARK E. FESMIRE, P.E.,
Division Director

MEF/wvjj
cc: Oil Conservation Division – Hobbs
State Land Office – Oil, Gas, and Minerals Division