

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

ADMINISTRATIVE ORDER OLM-21

October 29, 2007

Siana Operating, LLC.
P.O. Box 10303
Midland, Texas 79702

Attention: Ms Bobbi Brice

Newkumet Federal Well No. 1
API No. 30-025-332937
Unit H, Section 10, Township 23 South, Range 34 East, NMPM,
Lea County, New Mexico
Antelope Ridge Brushy Canyon Gas Pool (96717)

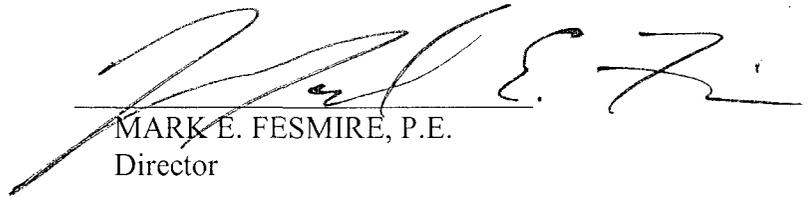
Reference is made to your request received by the Division on October 1, 2007, for an exception to Division Rule 303.A. to permit off-lease measurement of gas production from the Newkumet Federal Well No. 1. It is our understanding that Siana Operating, LLC holds 100% interest in this well; therefore, there is no other interest owner to notify regarding this application except the Bureau of Land Management (BLM).

Siana Operating, LLC. is hereby authorized to utilize a gas sales meter located off-lease at the Brain 8036 JV-P #1 battery located in Unit L, Section 11, Township 23 South, Range 34 East, NMPM, to meter the gas production originating from the Newkumet Federal Well No. 1, located in Unit H of Section 10, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER THAT, all oil production originating from the Newkumet Federal Well No. 1 shall be metered and stored in its own storage facility located on the originating lease and no commingling of production from other sources shall be allowed.

NOTE: The operator shall notify the Hobbs District Office upon implementation of off-lease measurement operations.

DONE at Santa Fe, New Mexico on this 29th day of October, 2007.



MARK E. FESMIRE, P.E.
Director

MEF/re

Cc: Oil conservation Divisin – Hobbs
Bureau of Land Management - Carlsbad