



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

COMMINGLING ORDER CTB-424

Meridian Oil, Inc.
P.O. Box 51810
Midland, Texas 79710-1810

Attention: Ms. Donna J. Williams

The above named company is hereby authorized to commingle Shugart Yates-Seven Rivers-Queen-Grayburg Pool production from the following leases:

Lease: Benson '3' Federal Well Nos.2, 3 and 5 (NM29228)
Description: E/2 NE/4, SW/4 NE/4 and;

Lease: Benson '3' Federal Well No.6 (NM67985)
Description: NE/4 SE/4;

all in Section 3, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico.

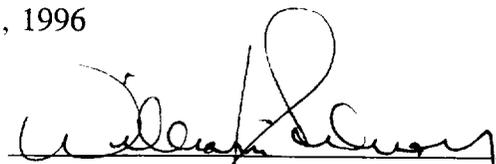
Production shall be allocated to each lease by separately metering the production from the Benson '3' Federal Well No.6 and determining the Benson '3' Lease (NM29228) production by the subtraction method. (If this method is to be authorized, all commingled production must be of identical ownership including working interest, royalty interest, and overriding royalty interest.) Casinghead gas shall be separately metered prior to the sales meter.

FURTHER: The operator shall notify the Artesia district office of the Division upon implementation of the commingling process.

NOTE: Commingled production shall be stored in the Benson '3' Federal tank battery facility located Unit Letter 'H' of Section 3, T-19-S, R-30-E, Eddy County, New Mexico.

REMARKS: 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 2nd day of May, 1996


WILLIAM J. LEMAY
Division Director

WJL/BES

cc: Oil Conservation Division - Artesia
Bureau of Land Management - Carlsbad