



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-442

Penroc Oil Corporation
P.O. Box 5970
Hobbs, New Mexico 88241-5970

Attention: M.Y. (Merch) Merchant

The above named company is hereby authorized to commingle Mescalero San Andres Pool production from the following Leases:

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

Lease: State II-23 (Lease No.OG-5084)
Description: W/2 of Section 22,

both in Township 10 South, Range 32 East, Lea County, New Mexico.

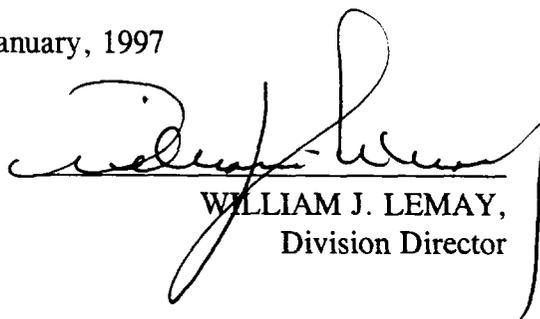
Production shall be allocated to each lease by well tests. (If this method or the subtraction method is to be authorized, all commingled production must be of identical ownership including working interest, royalty interest, and overriding royalty interest.)

NOTE: 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.

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

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

DONE at Santa Fe, New Mexico, on this 22nd day of January, 1997


WILLIAM J. LEMAY,
Division Director

WJL/BES

cc: Oil Conservation Division - Hobbs