

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

COMMINGLING ORDER PC-925

Read & Stevens, Inc.
P.O. Box 1518
Roswell, New Mexico 88202-1518

Attention: Mr. John C. Maxey

LEASE NAME: Hudson Federal Well No.1 (South Quail Ridge Bone Spring)
DESCRIPTION: SE/4 NE/4, an1;

LEASE NAME: Hudson Federal Well No.3 (Northeast Lea Delaware)
DESCRIPTION: NE/4 NW/4,

both in Section 4, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico,
Federal Lease No.LC-065607.

The above-named company is hereby authorized to commingle South Quail Ridge Bone Spring and Northeast Lea Delaware Pool production in a common tank battery and to determine the production from each pool by well tests. (If this method is to be authorized, all commingled production must be of marginal nature; further the operator shall notify the Santa Fe Office of the Division in the event any well in the commingled battery becomes capable of top allowable production, at which time the Division will amend this order or take such other action as may be appropriate.)

FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

NOTE: Commingled production shall be stored at the tank Hudson Federal tank battery facility in Unit Letter "H" of Section 4, Township 20 South, Range 34 East, Lea 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.

NOTE: Validation of this authority shall be accomplished by like approval by the U.S. Bureau of Land Management.

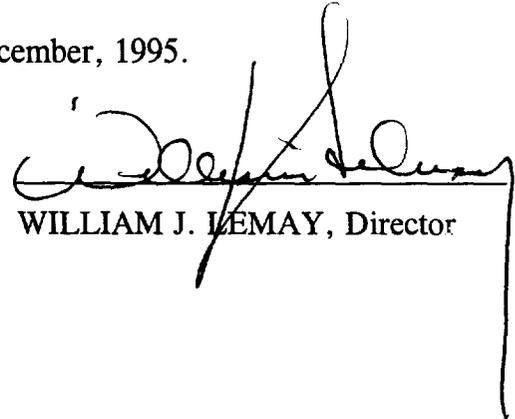
Administrative Commingling Order PC-925

Read & Stevens, Inc.

December 28, 1995

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DONE at Santa Fe, New Mexico, on this 28th day of December, 1995.



WILLIAM J. LEMAY, Director

WJL/BES

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