



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

COMMINGLING ORDER PC-937

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Ms. Rusty Klein

LEASE NAME: Scout 'EH' Federal Well Nos.3, 5, and 6
(Federal Lease No.LC-067136; Com Agreement No.NMNM92014)
DESCRIPTION: W/2 NE/4 and SE/4 NW/4 of Section 34, Township 18 South,
Range 25 East, NMPM, Eddy County, New Mexico

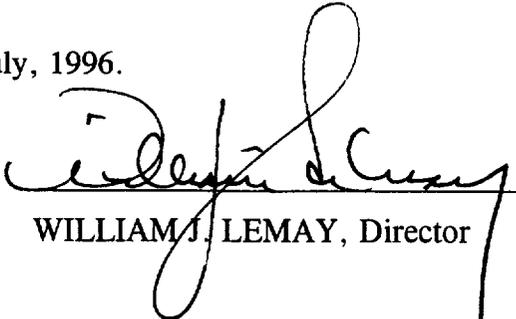
The above-named company is hereby authorized to commingle Penasco Draw Wolfcamp (96316) and Eddy Undesignated Group 2 (66052) Pool production in a common tank battery and to determine production from each pool by separately metering the production from each pool prior to commingling .

The operator shall notify the Artesia District Office of the Division upon implementation of the commingling process.

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.

REMARKS: The commingled production shall be stored in the Scout 'EH' Federal tank battery facility located in Unit Letter 'F' of Section 34, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico.

DONE at Santa Fe, New Mexico, on this 25th day of July, 1996.


WILLIAM J. LEMAY, Director

WJL/BES

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