



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-938

Arch Petroleum, Inc.
10 Desta Drive, Suite 240 East
Midland, Texas 79705

Attention: Ms. Bobbie Brooks

LEASE NAME: M.K. Stewart Lease
DESCRIPTION: SE/4 of Section 28, Township 23 South, Range 37 East, NMPM,
Lea County, New Mexico

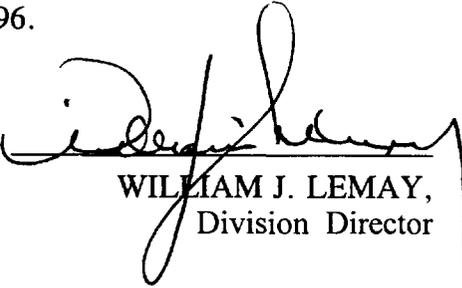
The above-named company is hereby authorized to commingle Langlie Mattix Seven Rivers-Queen-Grayburg (37240) and Teague Blinebry (58300) Pool production in a common tank battery and to determine the production from each pool by well tests. (If this method is to be authorized, all commingled production 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.

REMARKS: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B 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: Commingled production shall be stored in the M.K. Stewart tank battery facility.

DONE at Santa Fe, New Mexico, on this 30th day of July, 1996.


WILLIAM J. LEMAY,
Division Director

WJL/BES

cc: Oil Conservation Division - Hobbs