



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

COMMINGLING ORDER PLC - 122

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

Attention: Ms. Rusty Klein

The above-named company is hereby authorized to commingle Penasco Draw Upper Penn (50280) and North Dagger Draw Upper Penn (15472) Pool production from the following leases:

Lease: Matlock 'AJW' Well No.1
Description: NW/4 SE/4 of Section 4, and;

Lease: Bradshaw Well No.1
Description: SE/4 SE/4 of Section 4, and;

Lease: Ottawa 'AOW' Federal Well No.1
Description: NE/4 SW/4 of Section 3,

all in Township 19 South, Range 25 East, Eddy County, New Mexico.

Production shall be allocated to each lease by separately metering the production from each well prior to commingling.

REMARKS: Commingled production shall be stored in the Matlock 'AJW' No.1 tank battery facility located in Unit Letter 'J' of Section 4, Township 19 South, Range 25 East, Eddy County, New Mexico.

NOTE: A previous Division Order, CTB-404, authorized the commingling of Penasco Draw Upper Penn Pool production from the Matlock 'AJW' Well No.1 and the Bradshaw Well No.1 in a common tank battery. Upon issuance of this order, Division Order CTB-404 is hereby placed in abeyance.

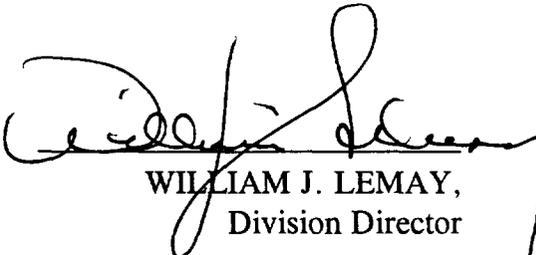
FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 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.

Commingling Order PLC-122
Yates Petroleum Corporation
May 2, 1996
Page 2

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

DONE at Santa Fe, New Mexico, on this 2nd day of May, 1996.



WILLIAM J. LEMAY,
Division Director

WJL/BES

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