



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

COMMINGLING ORDER CTB-341

Meridian Oil, Inc.  
21 Desta Drive  
Midland, TX 79705

Attention: Marianne Martin

The above named company is hereby authorized to commingle Shugart Yates Seven Rivers Queen Grayburg Pool production from the following leases:

Lease: Monterey State "A" Lease  
Description: NE/4 SW/4, W/2 SE/4 Section 32, T-18 South, R-31 East, NMPM;

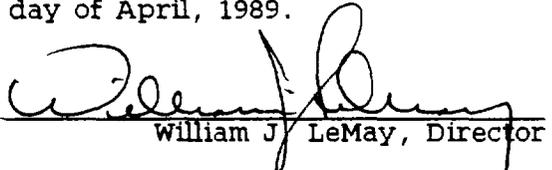
Lease: Monterey State "B" Lease  
Description: SE/4 SW/4, SE/4 NW/4, N/2 NW/4, Section 32, T-18 South, R-31 East, NMPM,

Both in Eddy County, New Mexico.

Production shall be allocated to each lease by well tests. (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.)

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." If is the responsibility of the producer to notify the transporter of this commingling authority.

DONE at Santa Fe, New Mexico, on this 13th day of April, 1989.

  
William J. LeMay, Director