

NEW MEXICO OIL CONSERVATION DIVISION  
POST OFFICE BOX 2088  
SANTA FE, NEW MEXICO 87501

COMMINGLING ORDER PC-580

Company Conoco Inc.  
Address P. O. Box 460  
City, State, Zip Hobbs, New Mexico 88240

Attention: John R. Kemp

Lease Name: Reed A-3  
Description: E/2 E/2 of Sec. 3, T-20-S, R-36-E, Lea County

The above-named company is hereby authorized to commingle production from the following pools

Queen and Grayburg

in a common tank battery, and to determine the production from each pool by

       separately metering the production from each pool prior to commingling

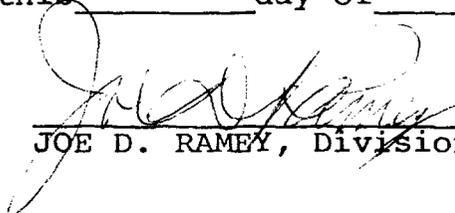
       separately metering the production from  
and determining the  
production by the subtraction method

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 producing into 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." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: Please advise this office the names of the pools from which this lease production is to be commingled.

DONE at Santa Fe, New Mexico, on this 27th day of November, 1979.

  
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JOE D. RAMEY, Division Director