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

COMMINGLING ORDER PC-587

Company Skelton Oil Co. Address P. O. Box 840

City, State, Zip Hobbs, New Mexico 88240

Attention: Nora Owens

Lease Name: 7. Taylor

Description: Sec. 7, I-12-S, R-38-E, Lea County

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

Gladiola Wolfcamp, Gladiola Devonian, and undesignated Mississippian

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

X 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:

DONE at Santa Fe, New Mexico, on this 2nd day of September , 1980

JOE D. RAMEY, Division Director