



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

COMMINGLING ORDER PC-888

Zia Energy, Inc.
P.O. Box 2219
Hobbs, NM 88241

Attention: Farris Nelson

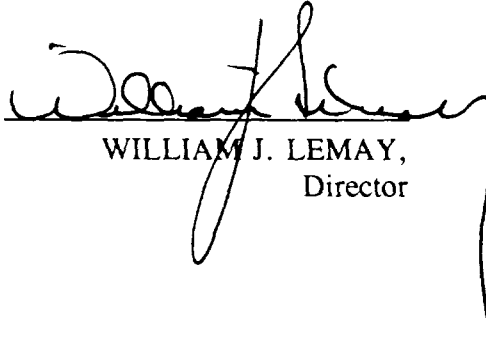
LEASE NAME: Cole State Lease (B-3480)
DESCRIPTION: N/2 of Section 16, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

The above-named company is hereby authorized to commingle Penrose Skelly-Grayburg, Southeast Eunice-San Andres and Eumont Yates-Seven Rivers-Queen Pool production in a common tank battery and in a common gas sales line 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.

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.

DONE at Santa Fe, New Mexico, on this 17th day of March, 1994.


WILLIAM J. LEMAY,
Director

cc: Oil Conservation Division- Hobbs
State Land Office - Santa Fe