

CONVEYING ORDER PC-564

Company: Palmer Oil & Gas Co.
Address: P. O. Box 2604
City, State, Zip: Billings, Montana 59102

Attention: Mr. Robert D. Ballantyne

Lease Name: Federal 1 Well No. 1
Description: NE/4 SE/4 Section 1, Township 31 North, Range 13 West,
NMPM, San Juan County, New Mexico
The above-named company is hereby authorized to commingle production
from the following pools

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

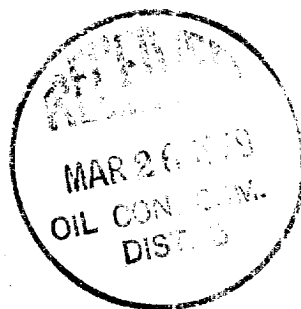
well tests (if this method is to be authorized, all commingled
production must be of marginal nature; further, the operator
shall notify the Santa Fe Office of the Division in the event
any well producing into the commingled battery becomes capable
of top allowable production, at which time the Division 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.

This authority applies to liquid production only.

REMARKS: Allocation of liquids shall be 75% Mesaverde and
25% Dakota.

DONE at Santa Fe, New Mexico, on this 21st day of March, 1979



JOE D. RYAN, Division Director