

LEASE NAME: Mudge "B" Well No. 1-A DESCRIPTION: Blanco Mesaverde: S/2 and, Blanco Pictured Cliffs: SE/4 of Section 21, Township 31 North, Range 11 West, San Juan County, New Mexico.

The above-named company is hereby authorized to commingle Blanco Mesaverde and Blanco Pictured Cliffs Pool production in a common separator and meter run, and to determine the production from each pool by well tests to be conducted on a bi-annual basis. (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 Aztec 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 1st day of September, 1993.

LEMAY. Director

cc: Oil Conservation Division- Hobbs US Bureau of Land Management - Farmington (Attention: John Keller)