



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

COMMINGLING ORDER CTB-554-A

Southwestern Energy Production Company
2350 N. Sam Houston Parkway East
Suite 300
Houston, Texas 77032

Attention: Ms. Jill Hegemier

The above-named company is hereby authorized to surface commingle Northwest Corral Canyon-Delaware (Oil-96464) Pool production from the following-described state leases located in Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico:

Lease: Karlsbad Corral "2" State Lease (Lease No. V-3361)
Description: SE/4, E/2 NE/4 and E/2 SW/4 of Section 2;

Wells: Karlsbad Corral "2" State No. 1H (API No. 30-015-33324)
Surface Location: Unit O; Bottomhole Location: Unit J
Karlsbad Corral "2" State No. 3H (API No. 30-015-33722)
Surface Location: Unit P; Bottomhole Location: Unit A
Karlsbad Corral "2" State No. 4H (API No. 30-015-34253)
Surface Location: Unit N; Bottomhole Location: Unit K

Lease: Karlsbad Corral "11" State Lease (Lease No. V-3633-2)
Description: E/2 W/2 and W/2 NE/4 of Section 11;

Wells: Karlsbad Corral "11" State No. 1H (API No. 30-015-33983)
Surface Location: Unit C; Bottomhole Location: Unit N
Karlsbad Corral "11" State No. 3H (API No. 30-015-34449)
Surface Location: Unit B; Bottomhole Location: Unit G

Due to the diverse ownership between State Leases No. V-3361 and V-3633-2, and in accordance with the provisions of Division Rule No. 303(B)(4)(a), production from these two groups of wells shall be determined as follows:

The combined production from the Karlsbad Corral "2" State Wells No. 1H, 3H and 4H shall be separately metered prior to commingling. (Note: Production from each of these wells may be determined on the basis of well tests.)

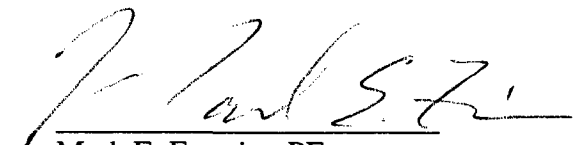
The combined production from the Karlsbad Corral "11" State Wells No. 1H and 3H shall be separately metered prior to commingling. (Note: Production from each of these wells may be determined on the basis of well tests.)

Production shall be stored at a central tank battery located in the SW/4 SE/4 of Section 2, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico.

NOTE: This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

The operator shall notify the Artesia district office of the Division prior to implementation of commingling operations.

DONE at Santa Fe, New Mexico, on this 3rd day of January, 2006.


Mark E. Fesmire, PE
Director

MEF/drc

cc: Oil Conservation Division – Artesia
State Land Office-Oil & Gas Division