



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 PLC-59-B

Corrected 1/13/06

Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Attention: Ms. Denise Pinkerton

The above-named company is hereby authorized to surface commingle Penrose-Skelly (Grayburg) (Oil – 50350), Southwest Eunice-San Andres (Oil – 24180) and Cary-San Andres Gas (Gas – 96801) Pool production from the following-described Federal leases and wells in Lea County, New Mexico:

Lease: C. P. Falby "A" Federal Lease (Lease No. LC-033706-A)
Description: NW/4 Section 8, Township 22 South, Range 37 East, NMPM,

Wells: C. P. Falby "A" Well No. 1 (API No. 30-025-10117)
Penrose-Skelly (Grayburg) Pool
C. P. Falby "A" Well No. 3 (API No. 30-025-10118)
Southwest Eunice-San Andres Pool
C. P. Falby "A" Well No. 4 (API No. 30-025-10120)
Southwest Eunice-San Andres Pool

Lease: C. P. Falby "B" Federal Lease (Lease No. LC-033706-B)
SW/4 Section 8, Township 22 South, Range 37 East, NMPM

Wells: C. P. Falby "B" Well No. 4 (API No. 30-025-10106)
Cary-San Andres Gas Pool (DHC- 3594)
Penrose-Skelly (Grayburg) Pool

The production from each well/lease shall be determined by monthly well tests. This method of production allocation may be utilized as long as the interest ownership between the wells remains identical.

The commingled production shall be stored at a common tank battery located on the C. P. Falby "B" Lease in the NE/4 SW/4 of Section 8, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

It is the responsibility of the producer to notify the transporter of this commingling authority. The operator shall notify the Hobbs District Office of the Division upon commencement of commingling operations.

Done, at Santa Fe, New Mexico on this 13th day of January, 2006.



MARK E. FESMIRE, P.E.,
Division Director

MEF/wvj

cc: Oil Conservation Division – Hobbs
Bureau of Land Management-Carlsbad