

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop Cabinet Secretary Lori Wrotenbery Director Oil Conservation Division

COMMINGLING ORDER PLC-233

Coleman Oil & Gas, Inc. PO Drawer 3337 Farmington, New Mexico 87499

Attention: Mr. Bryan Lewis

The above named company is hereby authorized to surface commingle production from operated wells within the following pools and acreage.

South Los Pinos-Fruitland Sand Pictured Cliffs (Gas 80690), SE/4 of Section 33, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico

Basin-Fruitland Coal (Gas 71629), S/2 of Section 33, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico

The following wells are currently producing within these pools and in this acreage and are therefore included in this commingle at this time.

Middle Mesa Well No. 2API 30-045-23093South Los Pinos-Fruitland Sand Pictured CliffsSE/4 DedicationNW/4 SE/4, Section 33, Township 32 North, Range7 West, NMPM, San Juan County, New Mexico

Middle Mesa Com Well No. 3SAPI 30-045-31369Basin-Fruitland CoalS/2 DedicationSW/4 SE/4, Section 33, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico

Allocation gas meters shall be installed on all wells included in this commingle and regularly calibrated for accuracy. Each well's gas sales, production, and BTU values shall be calculated using data collected from allocation rate meters, total CPD sales, lost gas, fuel gas, and periodic BTU tests. Compressor fuel gas usage shall be calculated for each well based on that well's ratio of the total of all the allocation meters feeding that compressor.

Condensate and water shall not be commingled. The measurement and sales point for commingled gas may occur off lease.

The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

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DONE at Santa Fe, New Mexico, on this 16th day of July 2003.

Lori Undenley (wors)

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LORI WROTENBERY, Division Director

LW/wvjj

cc: Oil Conservation Division – Aztec Bureau of Land Management – Farmington