



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-564

Fairway Resources Operating, LLC
538 Silicon Drive
Suite 101
Southlake, Texas 76092

Attention: Mr. Rick Borkowski

The above-named company is hereby authorized to surface commingle production from the Red Lake Queen-Grayburg-San Andres Pool (Oil – 51300) originating from the following-described Federal leases located in Eddy County, New Mexico:

Lease: Midnight Matador Federal Lease (Federal Lease No. LC-050158)
Description: SE/4 NW/4 and SE/4 NE/4 of Section 35, Township 17 South, Range 27 East, NMPM;

Well: Midnight Matador Well No. 1 (API No. 30-015-32861)
Unit H, Section 35;
Midnight Matador Federal No. 2 (API No. 30-015-34511)
Unit F, Section 35;

Lease: Midnight Matador "A" Federal Lease (Federal Lease No. L-055561)
Description: SW/4 NE/4 of Section 35, Township 17 South, Range 27 East, NMPM;

Wells: Midnight Matador "A" Well No. 1 (API No. 30-015-33351)
Unit G, Section 35;

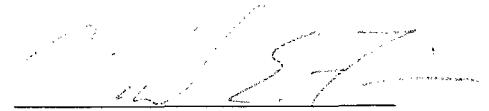
Due to the diversity of ownership, production from each of the above-described leases shall be separately metered prior to commingling.

Oil production shall be commingled and stored at a central tank battery located in the SE/4 NE/4 of Section 35, Township 17 South, Range 27 East, NMPM.

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 26th day of July, 2006.



Mark E. Fesmire, PE
Director

MEF/drc

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