

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division COMMINGLING ORDER PLC-189

Nearburg Producing Company 3300 North "A" Street Building 2, Suite 120 Midland, Texas 79705

Attention: Ms. Kim Stewart

The above named company is hereby authorized to commingle gas production from the McKittrick Hills-Morrow (Gas - 81180) and McKittrick Hills-Upper Pennsylvanian (Gas - 81160) Pools from the following leases:

Lease:Big Walt "2" State Lease (Lease No. V-2678-2)Description:W/2 of Section 2, Township 22 South, Range 24 East, NMPM;

Lease:McKittrick Federal Lease (Lease No. NM-12828)Description:S/2 of Section 12, N/2 of Section 11, Township 22 South, Range 24 East, NMPM;

Both in Eddy County, New Mexico

Production shall be allocated by metering the gas production from each of the wells utilizing allocation meters. Gas production shall then be commingled and transported to a gas sales meter located in the N/2 SW/4 of Section 13, Township 22 South, Range 24 East, on State Lease No. K-4192. Production shall be allocated back to each well utilizing allocation and sales meter volume data.

No liquids shall be commingled.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B 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.

FURTHER: The operator shall notify the Artesia district office of the Division upon commencement of commingling operations.

Nearburg Producing Company Commingling Order PLC-189 September 5, 2001 Page 2

Done, at Santa Fe, New Mexico on this 5th day of September, 2001.

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LORI WROTENBERY, Division Director

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cc: Oil Conservation Division – Artesia