



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

COMMINGLING ORDER CTB-427

Highland Production Company
810 North Dixie, Suite 202
Odessa, Texas 79761

Attention: Ms. Johnnye L. Nance

The above named company is hereby authorized to commingle East Mason Delaware (44820) Pool production from the following leases:

Lease: Conoco Federal Lease (Federal Lease No.068281-A)
Description: SE/4, and;

Lease: Conoco 'A' Federal Well Nos.2 and 3 (Federal Lease No.062749-B)
Description: SE/4 NE/4 and NE/4 NW/4;

located in Section 19 Township 24 South, Range 31 East, NMPM, Lea County, New Mexico.

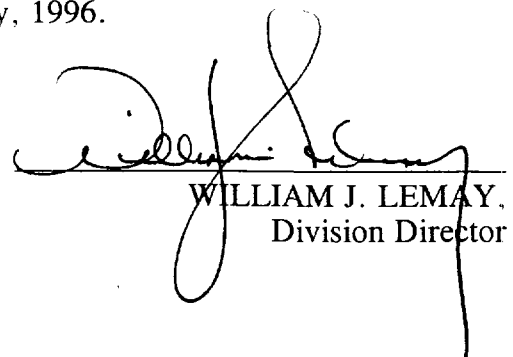
Production shall be allocated to each lease by well tests; (If this method is to be authorized, all commingled production must be of identical ownership including working interest, royalty interest, and overriding royalty interest.)

REMARKS: The commingled production shall be stored in the Conoco 'A' Federal Lease tank battery facility located in Unit Letter 'H' of Section 19, Township 26 South, Range 32 East, Lea County, New Mexico.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 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 Hobbs district office of the Division prior to implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 16th day of July, 1996.


WILLIAM J. LEMAY,
Division Director

WJL/BES

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