

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

COMMINGLING ORDER PC - 915

SDX Resources, Inc.
P.O. Box 5061
Denver, Colorado 80201-0800

Attention: Mr. Chuck Morgan

LEASE NAME: BN State Lease
DESCRIPTION: SE/4 of Section 11, Township 19 South, Range 28 East,
NMPM, Eddy County, New Mexico.

The above-named company is hereby authorized to commingle East Millman Queen Grayburg San Andres and East Millman Seven Rivers Pool production in a common tank battery and to determine production from each pool by well tests. (If this method is to be authorized, all commingled production must be of marginal nature; further the operator shall notify the Santa Fe office of the Division in the event any well on the commingled facility becomes capable of the allowable production, at which time the Division will amend this order or take such other action as may be appropriate.)

FURTHER: Validation of this authority shall be accomplished by like approval of the New Mexico State Land Office.

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of the commingling process.

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.

DONE at Santa Fe, New Mexico, on this 14th day of August, 1995.



WILLIAM J. LEMAY, Director

WJL/BES

cc: Oil Conservation Division- Artesia
State Land Office - Oil & Gas Division