



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

COMMINGLING ORDER PC-945

Zia Energy, Inc.
P.O. Box 2219
Hobbs, New Mexico 88241-2219

Attention: Farris Nelson

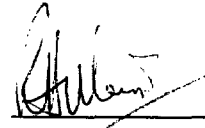
Lease: Turner Well Nos.1 and 2
Description: S/2 SW/4 of Section 29, Township 21 South, Range 37 East,
NMPM, Lea County New Mexico.

The above-named company is hereby authorized to commingle Penrose-Skelly Grayburg (50350) and Eunice San Andres (24150) Pool production in a common tank battery and to determine the production from each pool by well tests. (If this method is to be authorized, all commingled production just be of marginal nature; further the operator shall notify the Santa Fe Office of the Division in the event any well in the commingled battery becomes capable of top allowable production, at which time the Division will amend this order or take such other action as may be appropriate.) Allocations factors for oil and gas production shall also be determined from such tests and adjusted accordingly.

FURTHER: The operator shall notify the Hobbs 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 12th day of March, 1997.

by  Deputy Director
WILLIAM J. LEMAY,
Director

WJL/BES

cc: Oil Conservation Division - Hobbs