



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-1003

Collins & Ware, Inc.
508 West Wall Avenue, Suite 1200
Midland, Texas 79701-5076

Attention: Ms. Dianne Sumrall

LEASE: State LA Wells No. 8 and 12
DESCRIPTION: NE/4, SW/4 of Section 1, Township 17 South, Range 36 East, NMPM,
Lea County, New Mexico.

The above-named company is hereby authorized to commingle Lovington-Abo (Oil - 40470) and Lovington-Drinkard (Oil - 40490) Pool production from the above mentioned lease and to determine production from each pool by well test. This method is authorized only so long as all commingled production is of marginal nature; further the operator shall notify the Santa Fe office of the Division in the event any well on 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. All commingled production must be of identical ownership including working interest, royalty interest and overriding royalty interest.

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.

REMARKS: Commingled production shall be stored at the State LA Well No. 8 tank battery facility located in NE/4 NE/4 (Unit A) of Section 1, Township 17 South, Range 36 East, NMPM, Lea County, New Mexico.

FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 14th day of December, 1999.

LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division - Hobbs
State Land Office - Oil and Gas Division