



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

COMMINGLING ORDER PLC-137

Mack Energy Corporation
P.O. Box 960
Artesia, New Mexico 88211-0960

Attention: Ms. Crissa D. Carter

The above named company is hereby authorized to commingle Empire Yates-Seven Rivers (22230) and Red Lake Queen-Grayburg-San Andres (51300) Pool production from the following leases:

Lease: Gulf State Lease Well Nos.1 and 2 (State Lease Nos.1111 and B-1969 respectively), Queen, Grayburg and San Andres production.

Description: NW/4 NE/4 and NE/4 NW/4 (respectively) and,

Lease: Gulf State Lease Well Nos.3 and 4 (State Lease No.B-1969) Yates and Seven Rivers production.

Description: NE/4 NW/4,

All in Section 22, Township 17 South, Range 28 East, Eddy 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.)

NOTE: The commingled production shall be delivered to a commingled tank battery facility located in Unit Letter 'C' of Section 22, Township 17 South, Range 28 East, Eddy County, New Mexico.

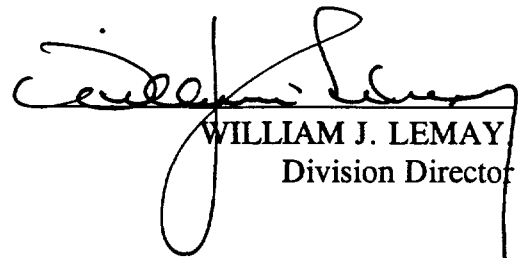
NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Artesia district office prior to implementation of the commingling process.

PROVIDING: Validation of this authority shall be accomplished by like approval by the Commissioner of Public Lands, State Land Office.

Administrative Commingling Order PLC-137
Mack Energy Corporation
December 11, 1997
Page 2

DONE at Santa Fe, New Mexico, on this 11th day of December, 1997.


WILLIAM J. LEMAY
Division Director

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