



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-156

Pendragon Energy Partners
c/o Walsh Engineering & Production Corp.
7415 East Main
Farmington, New Mexico 87402

Attention: Mr. Paul C. Thompson

The above-named company is hereby authorized to commingle Basin-Fruitland Coal (Gas - 71629) and WAW Fruitland Sand-Pictured Cliffs (Gas - 87190) Pool production from the following leases:

Lease: Cowsaround Well No. 21-1 (Federal Lease No. NM 12028),
Description: NE/2 NE/4 of Section 21, Township 26 North, Range 12 West, NMPM,
and

Lease: Chaco Plant Well No. 5 (Federal Lease No. NM 12028),
Description: SW/4 NW/4 of Section 21, Township 26 North, Range 12 West, NMPM,

All in San Juan County, New Mexico.

Production shall be allocated to each lease by separately metering the production from the Cowsaround Well No. 21-1, plus associated pump jack and separator fuel gas volumes and one-half of the compressor fuel. The Chaco Plant Well No. 5 production shall be the difference between the El Paso Field Services' CDP meter and the Cowsaround 21-1 allocation meter, plus associated separator fuel gas volumes and one-half of the compressor fuel.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B 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.

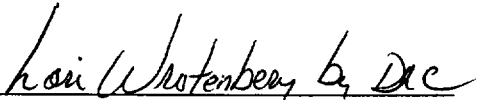
REMARKS: The commingled natural gas production shall be delivered to a CDP meter on El Paso Field Services' pipeline in Section 21, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico.

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

PROVIDING: Validation of this authority shall be accomplished with like approval by the Bureau of Land Management.

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DONE at Santa Fe, New Mexico, on this 23rd day of August, 1999.


LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division- Aztec
Bureau of Land Management - Farmington