

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division
COMMINGLING ORDER CTB-529

Xeric Oil & Gas Corporation 1801 W. Texas, PO Box 352 Midland, Texas 79702

Attention: Mr. R.C. Barnett

The above named company is hereby authorized to commingle D-K-Abo (Oil - 15200) Pool production from the following Lea County, New Mexico leases:

Lease:

Julio State Well No. 1 API: 30-025-35889 (State Lease No. VO-5109-1)

NW/4 NW/4, Section 20, Township 20 South, Range 39 East, NMPM; and

Lease:

Porfidio State Well No. 1 API: 30-025-35890 (State Lease No. VO-5116-1)

SW/4 SW/4, Section 17, Township 20 South, Range 39 East, NMPM

Production shall be allocated to each lease by well tests. This method is authorized only so long as all commingled production is of identical ownership including working interest, royalty interest, and overriding royalty interest.

Production shall be commingled at the Julio State battery location. Porfidio State lease production is authorized for off lease storage and off lease measurement.

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.

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

DONE at Santa Fe, New Mexico, on this 3rd day of September, 2002.

fori Wrotenberg LORI WROTENBERY, Director

LW/wvjj

cc:

Oil Conservation Division - Hobbs State Land Office - Oil & Gas Division