

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



ACCEPTED FOR RECORD

AUG 21 2008

Surface Commingling Order PLC-312

August 18, 2008

Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

AUG 21 2008
OCD-ARTESIA

Attention: Mayte Reyes:

Yates Petroleum Corporation is hereby authorized to surface commingle Wildcat Mississippi Gas, and Cottonwood Springs Morrow Gas Pool (96612) gas production from the following Federal leases.

Lease: **Federal Lease No. NM-113930**

Well: Retriever BJH Federal Well No. 1 (API No. 30-015-20869 Unit F, Section 22, Township 26 South, Range 25 East, NMPM, Eddy County, New Mexico

Lease: **Federal Lease No. NM-98801**

Well: Grange BII Federal Well No. 1 (API No. 30-015-35802) Unit P, Section 29 Township 25 South, Range 25 East, NMPM, Eddy County, New Mexico

Commingled gas production from the wells detailed above shall be measured and sold at the Grange BII Federal Well No. 1 (CDP) located in Section 29, Township 25 South, Range 25 East, NMPM, Eddy County, New Mexico..

Gas production from all the wells shall be measured continuously with calibrated allocation meters installed in the wells prior to commingling with gas from other wells. Gas production shall then be allocated back to each well utilizing allocation and sales meter volume data, and shall be determined in accordance with the following procedure.

The production allocated to each well will be the integrated volume from the CDP gas sales meter, less the sum of the other allocation meter volumes, plus any lease use gas. In the event the sum of the allocation meter volumes do not equal the integrated volume of the CDP gas sales meter, the gas production from each well shall be



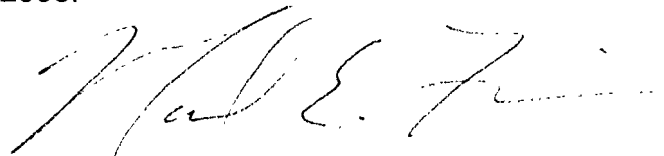
calculated using the volume its allocation meter indicates, divided by the sum of all the allocation meter volumes. This percentage will then be multiplied by the integrated volume of the CDP gas sales meter, plus lease use gas.

Gas is approved for off-lease measurement and sales after being metered on-lease. Any liquid hydrocarbons produced from the wells shall **NOT** be commingled. The allocation and the CDP meters shall be calibrated quarterly.

NOTE: This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

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

DONE at Santa Fe, New Mexico on August 18, 2008.



MARK E. FESMIRE, P.E.,
Division Director

MEF/re

cc: Oil Conservation Division – Artesia
Bureau of Land Management (BLM) – Roswell