



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

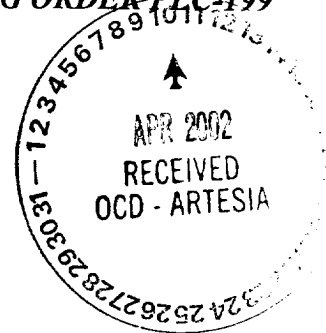
GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

COMMINGLING ORDER PLC-199

Nearburg Producing Company
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705



Attention: Ms. Kim Stewart:

Nearburg Producing Company is hereby authorized to surface commingle production from the following four (4) wells within the following two (2) pools:

Happy Valley – Morrow (Gas - 78060)
White Tip 7 Federal Com No. 1 API:30-015-30827
NE/4 SE/4 Section 7, Township 22 South, Range 26 East NMPM
Dedicated Acreage: E/2 Section 7, 320 acres

Happy Valley – Morrow (Gas - 78060)
White Tip 7 Federal Com No. 2 API:30-015-31370
SHL: NE/4 SE/4 Section 7, Township 22 South, Range 26 East NMPM
BHL: NE/4 SW/4 Section 7, Township 22 South, Range 26 East NMPM
Dedicated Acreage: W/2 Section 7, 320 acres

Happy Valley – Morrow (Gas - 78060)
Rifleman 7 Federal Com No. 1 API:30-015-28858
SW/4 NE/4 Section 7, Township 22 South, Range 26 East NMPM
Dedicated Acreage: E/2 Section 7, 320 acres (first infill well)

Revelation – Morrow (Gas - 83760)
White Tip 12 Federal Com No. 1 API:30-015-31209
SE/4 SE/4 Section 12, Township 22 South, Range 25 East NMPM
Dedicated Acreage: E/2 Section 12, 330.50 acres

Nearburg Producing Company is a working interest owner and operates these wells - all located in Eddy County. All other interest owners in these wells have been notified and objections to this surface commingling have not been received.

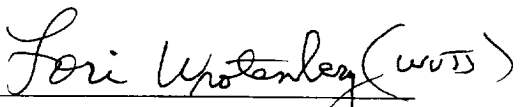
Each of these four (4) wells will have an allocation gas meter installed and regularly calibrated. Gas sales through the CDP will be split back to each well based on each well's percentage of the total of all four (4) allocation meters. Fuel gas will be allocated to each well and gas production calculated and reported from sales plus fuel gas. Condensate and water will be separated from the gas at each well site then measured and trucked.

The transporter's CDP meter will be located in Section 6, Township 22 South, Range 26 East NMPM, Eddy County, New Mexico.

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 supervisor of the Artesia district office prior to implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 8th day of April 2002.



LORI WROTENBERY,
Division Director

LW/WVJ

cc: Oil Conservation Division - Artesia /
Bureau of Land Management – Carlsbad