



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

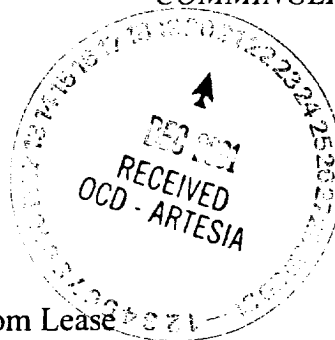
GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

COMMINGLING ORDER PC-1049

Texaco Exploration & Production, Inc.
P.O. Box 3109
Midland, Texas 79702

Attention: Mr. Jason Wacker



Lease: New Mexico "DF" State Com Lease
Description: All of Section 32, Township 21 South, Range 23 East, NMPM, Eddy
County, New Mexico

New Mexico "DF" State Com No. 1 (API No. 30-015-10723)
Unit J, Section 32
Indian Basin-Upper Pennsylvanian Pool

New Mexico "DF" State Com No. 3 (API No. 30-015-29284)
Unit G, Section 32
Indian Basin-Upper Pennsylvanian Pool

New Mexico "DF" State Com No. 4 (API No. 30-015-31853)
Unit J, Section 32
Indian Basin-Morrow Pool

The above-named company is hereby authorized to commingle Indian Basin-Upper Pennsylvanian (Gas – 79050) and Indian Basin-Morrow (Gas – 78960) Pool production from the above-described lease and to determine the production from each pool by separately metering the production from each well prior to commingling.

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.

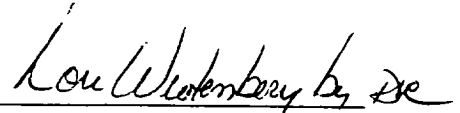
Total gas production from the lease shall be measured at a gas sales meter located on the New Mexico "DF" State Com Lease. Oil and water production shall be commingled and stored at a tank battery located on the New Mexico "DF" State Com Lease.

FURTHER: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

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Remarks: The commingling authority for the New Mexico "DF" State Com Lease shall apply to additional wells that may be drilled on the lease in the future and produced from the Indian Basin-Upper Pennsylvanian or Indian Basin-Morrow Gas Pools, provided that such production shall be separately metered prior to commingling.

DONE at Santa Fe, New Mexico, on this 10th day of December, 2001.



LORI WROTENBERY,
Division Director

LW/DRC

cc: Oil Conservation Division- Artesia /
State Land Office-Oil & Gas Division