



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

COMMINGLING ORDER PC-1078

Calpine Natural Gas Company
1200 17th Street, Suite 770
Denver, Colorado 80202

Attention: Mr. Hugo Cartaya

The above-named company is hereby authorized to commingle the following pools and acreage within Section 25, Township 30 North, Range 13 West, NMPM, San Juan County, New Mexico.

Arnie Well No. 3
Fulcher Kutz-Pictured Cliffs (Gas 77200)

API No. 30-045-29688
NE/4 Dedication

Arnie Well No. 4
Basin-Fruitland Coal (Gas 71629)

API No. 30-045-31008
N/2 Dedication

Gas production from each well shall be separately metered prior to commingling or determined by the subtraction method. Individual well actual gas production, sales, and BTUs shall be determined using these allocation meters, the fuel gas used, the CDP volumes, and periodic BTU tests. Compressor fuel gas usage shall be allocated according to well production rates. Oil and water production shall not be commingled.

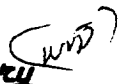
NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: The commingled natural gas production shall be delivered to a gas meter located on the lease.

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

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Calpine Natural Gas Company
October 8, 2002
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DONE at Santa Fe, New Mexico, on this 8th day of October 2002.

Lori Wrotenbery 
LORI WROTENBERY,
Division Director

LW/wvjj
cc: Oil Conservation Division – Aztec /
Bureau of Land Management - Farmington