

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Surface Commingling Order CTB-537-A/OLM

Coleman Oil & Gas, Inc.
P.O. Drawer 3337
Farmington, New Mexico 87499

Attention: Mr. Bryan Lewis

The above named company is hereby authorized to surface commingle (CTB) and measure off-lease (OLM) Basin-Fruitland Coal Gas (71629) Pool production from the following San Juan County, New Mexico leases.

Lease: Meg Lease (Lease Nos. NO-G-0103-1465 & NO-G-0103-1466)
Description: N/2 Section 19, Township 26 North, Range 11 West, NMPM

Wells: Meg Well No. 2 (API No. 30-045-30998) Unit D, Section 19
Meg Com Well No. 1 (API No. 30-045-30999) Unit G, Section 19

Lease: Ricky Lease (Lease Nos. NOO-C-14-20-5390 & NOO-C-14-20-5389)
Description: W/2 of Section 18, Township 26 North, Range 11 West, NMPM

Wells: Ricky Well No. 1R (API No. 30-045-31165) Lot 1 Section 18
Ricky Well No. 1 (API No. 30-045-25976) Lot 1 Section 18
Ricky Com Well No. 2R (API No. 30-045-31166) Lot 3 Section 18
Ricky Well No. 2 (API No. 30-045-25977) Lot 3 Section 18

Gas production from these diversely owned leases shall be determined as follows:

Total gas production from the Meg Lease (N/2 Section 19) shall be continuously measured prior to commingling with production from the Ricky Wells (W/2 of Section 18). Total gas production from the Ricky Wells (W/2 of Section 18) shall be continuously measured prior to commingling with production from the Meg Lease (N/2 Section 19).

The commingled gas production shall be determined by an El Paso CPD sales meter located in Section 7, Township 26 North, Range 11 West (Off Lease Measurement is allowed).

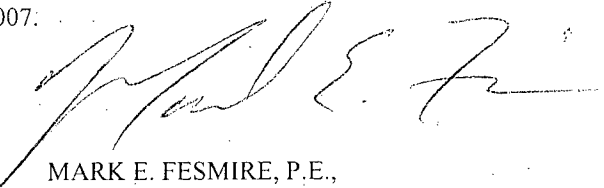
The CPD measured gas volume shall be allocated back to each lease based upon the allocation meter data. Within each lease, each well's production shall be measured (at least) periodically and that test used to allocate production from the lease back to that well. Compressor fuel gas shall be allocated equally between the wells.

The allocation meters shall be calibrated on a regular basis or as required by the Division.

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 Aztec district office of the Division prior to implementation of commingling operations.

DONE at Santa Fe, New Mexico, on this 7th day of November 2007.



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

MEF/wvjj

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