



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-202

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 two (2) wells within the following two (2) pools:

Tonto-Seven Rivers (Oil - 59470)
Panama 13 Federal Well No. 2 API:30-025-35192
40 acres: NE/4 SE/4 Section 13, Township 19 South, Range 33 East NMPM

East Gem-Delaware (Oil - 27260)
Sagebrush 24 Federal Well No. 1 API:30-025-34676
40 acres: NE/4 NE/4 Section 24, Township 19 South, Range 33 East NMPM

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

Oil and water shall be separated from the gas at each well site then metered and trucked.

Each of these two (2) wells shall have an allocation gas meter installed and regularly calibrated. Gas sales through the sales meter shall be split back to each well based on each well's percentage of the total of both allocation meters. Fuel gas shall be allocated to each well and gas production calculated and reported from sales plus fuel gas.

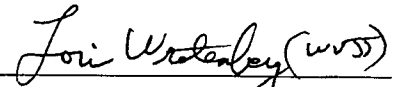
The gas transporter's sales meter will be located near the Sagebrush 24 Federal Well No. 1 in Section 24, Township 19 South, Range 33 East NMPM, Lea County, New Mexico.

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.

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FURTHER: The operator shall notify the supervisor of the Hobbs district office prior to implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 3rd day of May 2002.



LORI WROTENBERY,
Division Director

LW/WVJ

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

