



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

COMMINGLING ORDER CTB-432

Highland Production Company
810 North Dixie, Suite 202
Odessa, Texas 79761

Attention: Ms. Johnnye L. Nance

The above named company is hereby authorized to commingle North Mason Delaware (44850)
Pool production from the following leases:

Lease: Conoco 'B' Federal Well No.1
Description: SW/4 SW/4 of Section 20, and;

Lease: Conoco 'C' Federal Well No.1
Description: NE/4 NE/4 of Section 30, and;

Lease: Conoco 'E' Federal Well No.1
Description: SE/4 NE/4 of Section 30,

located in Township 26 South, Range 32 East, NMPM, Lea County, New Mexico.

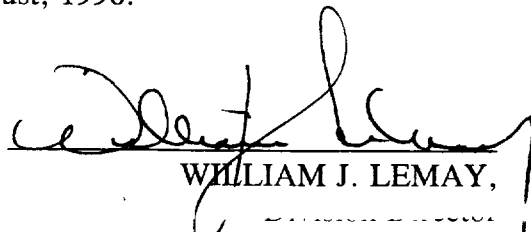
Production shall be allocated to each lease by well tests; (If this method is to be authorized, all
commingled production must be of identical ownership including working interest, royalty
interest, and overriding royalty interest.)

REMARKS: The commingled production shall be stored in the Conoco 'B' Federal Lease tank
battery facility located in Unit Letter 'M' of Section 19, Township 26 South, Range 32 East, Lea
County, New Mexico.

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.

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

DONE at Santa Fe, New Mexico, on this 21st day of August, 1996.


WILLIAM J. LEMAY,
DISTRICT MANAGER

WJL/BES

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