

NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

COMMINGLING ORDER PC-948

Zia Energy, Inc.
P.O. Box 2219
Hobbs, New Mexico 88241-2219

Attention: Mr. Scott Nelson

Lease: Elliot 'B' Lease (Federal Lease No.LC-032573-B)
Description: SE/4 of Section 6 and NE/4 of Section 7,

all in Township 22 South, Range 37 East, Lea County, New Mexico.

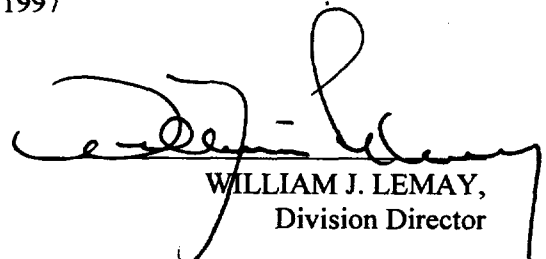
The above named company is hereby authorized to commingle Penrose-Skelly Grayburg (50350) and Blinebry Oil & Gas (Oil - 6660) Pool production in a common tank battery and gathering facility and to determine the production from each pool by well tests. (If this method is to be authorized, all commingled production must be of marginal nature; further the operator shall notify the Santa Fe Office of the Division in the event any well on the commingled battery becomes capable of the allowable production, at which time the Division will amend this order or take such other action as may be appropriate.

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.

PROVIDING: The operator shall notify the Hobbs district office upon implementation of the commingling process.

FURTHER: Production shall be stored in the Elliot 'B' Production Facility tank battery located in Unit J, Section 6, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

DONE at Santa Fe, New Mexico, on this 17th day of September, 1997


WILLIAM J. LEMAY,
Division Director

WJL/BES

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