



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

COMMINGLING ORDER PC-960

Layton Enterprises, Inc.
3103 79th Street
Lubbock, Texas 79423

Attention: Mr. Donald R. Layton

LEASE NAME: El Zorro 'G' Federal Lease (Federal Lease No.LC-069300)
DESCRIPTION: W//2 Section 1, Township 9 South, Range 36 East, NMPM, Lea County,
New Mexico.

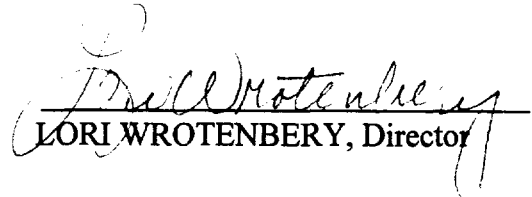
The above-named company is hereby authorized to commingle Allison Penn (1149) and Allison Devonian (96450) Pool production in a common tank battery and to determine the production from each pool by well tests. This method is authorized only so long as all commingled production is of marginal nature; 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.

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

REMARKS: Commingled production shall be stored in the El Zorro tank battery facility located in Unit Letter 'M' of Section 1, Township 9 South, Range 36 East, Lea County, New Mexico.

DONE at Santa Fe, New Mexico, on this 6th day of March, 1998.


LORI WROTENBERY, Director

LW/BES/kv

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