

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Betty Rivera Cabinet Secretary Lori Wrotenbery Director Oil Conservation Division

COMMINGLING ORDER PC-1077

Calpine Natural Gas Company 1200 17th Street, Suite 770 Denver, Colorado 80202

Attention: Mr. Hugo Cartaya

The above-named company is hereby authorized to commingle the following pools and acreage within Section 35, Township 30 North, Range 13 West, NMPM, San Juan County, New Mexico.

Tiger Well No. 5 Fulcher Kutz-Pictured Cliffs (Gas 77200)

Tiger Well No. 16 Basin-Fruitland Coal (Gas 71629) API No. 30-045-29580 NE/4 Dedication

API No. 30-045-31004 N/2 Dedication

Gas production from each well shall be separately metered prior to commingling or determined by the subtraction method. Individual well actual gas production, sales, and BTUs shall be determined using these allocation meters, the fuel gas used, the CDP volumes, and periodic BTU tests. Compressor fuel gas usage shall be allocated according to well production rates. Oil and water production shall not be commingled.

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.

REMARKS: The commingled natural gas production shall be delivered to a gas meter located on the lease.

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

Administrative Order PC-1077 Calpine Natural Gas Company October 8, 2002 Page 2 of 2

DONE at Santa Fe, New Mexico, on this 8th day of October 2002.

fori Wrotenbery

LORI WROTENBERY, Division Director

LW/wvjj

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

CALPINE

CALPINE NATURAL CAS COMPANY

ABOR CENTER

200 17d; STREET, SULFE 776

OF XVER, COUORADO S0202

20 359 5144

20.359.9440.477

September 9, 2002

State of New Mexico Energy Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico

Re: Surface Commingling Rule 19.15 5-30

Dear Sir or Madam:

Calpine Natural Gas Company, L.P. wishes to apply for an exception to Rule 303A to permit commingling in common facilities of commonly owned production from two or more common sources of supply.

2:5628246

Calpine Natural Gas Company, L.P. currently operates 2 wells in Section 35-30N-13W. These two wells are the Tiger #5 and the Tiger #16.

The Tiger #5 (API No. 30-045-29580) loca ed 690° FNL and 1070° FEL Section 35-30N-13W, San Juan County, New Mexico. The well produces from the Fulcher-Kutz Pictured Cliffs pool (Pool No.77200). The well is currently connected to Williams Field Services The gas for this well is metered by Wilhams at the well location.

The Tiger #16 (API No. 30-045-31004) is a newly drilled well which is located 660° FNL and 1540° FEL Section 35-30N-13W. San Juan County, New Mexico. The well produces from the Basin Fruitland Coal (Gas) pool (Fool No.71629). Calpine Natural Gas Company, L.P. has constructed a natural gas pipeline, which will connect to the compressor at the Tiger #5 location.

Calpine Natural Gas Company, L.P. proposes the following:

- 1.) Utilize the existing compression fac lity at the Tiger #5 location to compress and surface commingle the gas from the Tiger #5 and the Tiger #16 wells.
- 2.) Convert the existing Williams Field Services meter at the Tiger #5 location to a central delivery point. This will serve as the sales meter for both the Tiger #5 and the Tiger #16.
- 3.) Install a gas chart meter at the Tiger #16 location, which will be used to allocate the production between the Tiger #5 and the Tiger #.6 wells.
- 4.) The compressor fuel use will be determined by the compressor rating and allocated based on the individual well production.

5.) The production from the Tiger #5 well will be based on the gas sales from the central delivery point plus the compressor fuel usage less the metered volume from the Tiger #16.

Attached please find a diagram of the surface commingling proposal.

Calpine Natural Gas Company, L.P. is requesting administrative approval to grand an exception to Rule 303A. Please feel free to call me if you have any questions.

Sincerely,

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⁴Hugo Cartaya Rocky Mountains Production Manager

NW/4 Section 35-30N-13W San Juan County, New Mexico (not to scale)

