



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

COMMINGLING ORDER PC-731

Penroc Oil Corporation
P.O. Box 5970
Hobbs, NM 88241

Attention: M.Y. Merchant

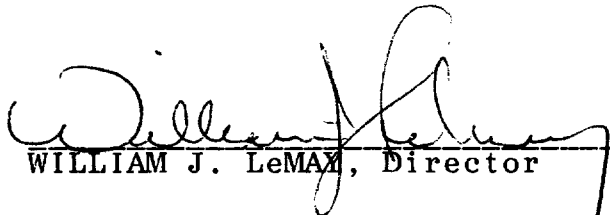
Lease Name: State "AF" Lease

Description: SW/4 SW/4, SW/4 SE/4, Section 8, Township 18
South, Range 35 East, NMPM, Lea County New Mexico.

The above-named company is hereby authorized to commingle Vacuum Abo Reef and Mid Vacuum Devonian pool production in a common tank battery and to determine the production from each pool by separately metering the production from the Devonian pool and determining the Abo pool production by the subtraction method.

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.

DONE at Santa Fe, New Mexico, on this 16 day of
November, 1987.


WILLIAM J. LeMay, Director