



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2068
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

COMMINGLING ORDER PC-882

SDX Resources, Inc.
P.O. Box 5061
Midland, TX 79704

Attention: Chuck Morgan

LEASE NAME: "BN" State Lease
DESCRIPTION: SE/4 of Section 11, Township 19 South, Range 28 East, NMPM, Eddy County,
New Mexico.

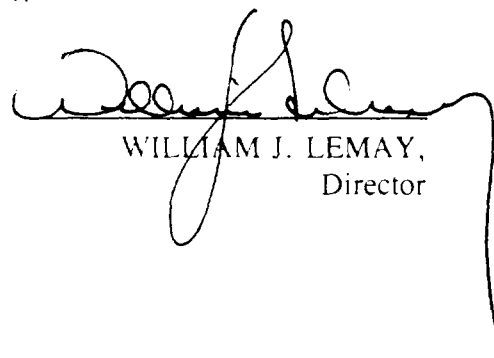
The above-named company is hereby authorized to commingle East Millman-Queen-Grayburg-San Andres and East Millman Seven Rivers Pool production in a common tank battery and to determine the production from each pool by well tests. (If this method is to be authorized, all commingled production must be of marginal nature; further, the operator shall notify the Santa Fe office of the Division in the event any well in the commingled battery becomes capable of top allowable production, at which time the Division will amend this order or take such other action as may be appropriate.)

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

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: Commingling production shall be stored at a tank battery located on the "BN" State Lease.

DONE at Santa Fe, New Mexico, on this 25th day of January, 1994.


WILLIAM J. LEMAY,
Director

cc: Oil Conservation Division- Artesia
State Land Office - Santa Fe