



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

COMMINGLING ORDER PC-1091

Mack Energy Corporation
P.O. Box 960
Artesia, New Mexico 88211-0960

Attention: Mr. Jerry W. Sherrell

LEASE: Coyote State Lease (Lease No. V-6248)
DESCRIPTION: N/2 NW/4, SE/4 NW/4, N/2 SE/4 and SE/4 NE/4 of Section 36,
Township 17 South, Range 31 East, NMPM,
Eddy County, New Mexico

WELLS: Coyote State No. 1 (API No. 30-015-32419)
Unit F, Maljamar Grayburg-San Andres Pool

Coyote State No. 2 (API No. 30-015-32534)
Unit J, Maljamar Grayburg-San Andres Pool

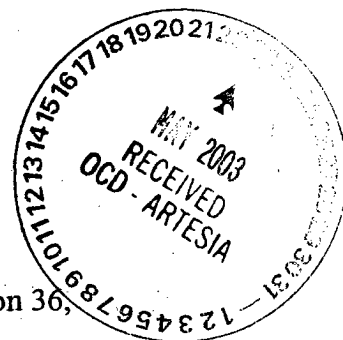
Coyote State No. 3 (API No. 30-015-32550)
Unit I, Maljamar Grayburg-San Andres Pool

Coyote State No. 4 (API No. 30-015-32562)
Unit J, Maljamar Grayburg-San Andres Pool

Coyote State No. 5 (API No. 30-015-32563)
Unit J, Undesignated Delaware

Coyote State No. 7 (API No. 30-015-32565)
Unit H, Maljamar Grayburg-San Andres Pool

Coyote State No. 10 (API No. 30-015-32568)
Unit D, Maljamar Grayburg-San Andres Pool



The above-named company is hereby authorized to commingle commonly-owned Maljamar Grayburg-San Andres (Oil – 43329) and Undesignated Delaware (Oil – N/A) Pool production from the above-mentioned wells and to determine production from each well by well tests to be conducted on a quarterly basis

Administrative Order PC-1091

Mack Energy Corporation

May 12, 2003

Page 2

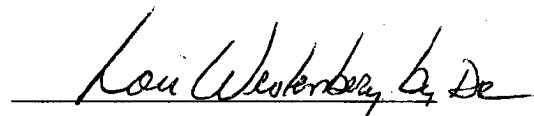
(Note: This method of allocation shall be valid only if the interest ownership between the two pools on this lease remains common. Additionally, if any commingled well on this lease becomes capable of producing at top allowable for the pool in which it is completed, the well shall be separately metered prior to commingling.

Commingled production shall be stored at a central tank battery located within the SE/4 NW/4 of Section 36, Township 17 South, Range 31 East, NMPM.

NOTE: This installation shall be installed and operated in accordance with the applicable Division rules and regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

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

DONE at Santa Fe, New Mexico, on this 12th day of May, 2003.


LORI WROTENBERY,
Division Director

LW/DRC

cc: Oil Conservation Division- Artesia /
State Land Office-Oil & Gas Division