

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

JUL 28 2008
OCD-ARTESIA

Mark Fesmire
Division Director
Oil Conservation Division



July 21, 2008

Surface Commingling Order CTB-571-A
OLM/OLS

BEPCO, L.P.
PO Box 2760
Midland, TX 79702

Attention: Ann Moore

BEPCO, L.P. (OGRID 1801) is hereby authorized to surface commingle Nash Draw; Delaware Bone Spring (Avalon Sand) Pool (47545) oil and gas production from the following Eddy County, New Mexico leases.

Lease: **Portions of the Poker Lake Unit**
Wells: Poker Lake Unit Well No. 232 (API No. 30-015-34009) Lot 1, Section 31
Poker Lake Unit Well No. 235 (API No. 30-015-34309) Unit K, Section 30
Poker Lake Unit Well No. 241 (API No. 30-015-34308) Unit O, Section 30
Poker Lake Unit Well No. 251H (API No. 30-015-34404) Units G, H, I, J of Section 30

Lease: **Horned Toad "36" State Lease**
Description: E/2 of Section 36, Township 24 South, Range 29 East, NMPM

Initial Wells: Horned Toad "36" State Well No. 7 (API No. 30-015-34347) Unit G
Section 36
Horned Toad "36" State Well No. 1H (API No. 30-015-34764) Units H, I, P
Section 36
Horned Toad "36" State Well No. 2H (API No. 30-015-35837) Units A, B of
Section 36

Added Well: Horned Toad "36" State Well No. 3H (API No. 30-015-34347) Units G, J, O
of Section 36

BEPCO, L.P. is hereby authorized to add the Horned Toad "36" State Well No. 3H to the surface commingling of the Poker Lake Unit lease and the Horned Toad "36" State lease in the Nash Draw; Delaware Bone Springs (Avalon Sand) Pool.



It is our understanding that BEPCO owns 100% working interest in both of these leases but the Poker Lake Unit royalty owner is the U.S.A. and the Horned Toad "36" State Lease minerals are owned by the State of New Mexico.

Oil and gas production from the Horned Toad "36" State Lease shall be measured continuously with calibrated allocation meters prior to commingling with the Poker Lake Unit production for sales. The commingled oil and gas production from the Horned Toad "36" State Lease is approved for off-lease measurement and sales.

Oil and gas production from the Poker Lake Unit shall be measured continuously with calibrated allocation meters prior to commingling with the Horned Toad "36" State Lease production for sales. The allocation meters shall be calibrated semi-annually.

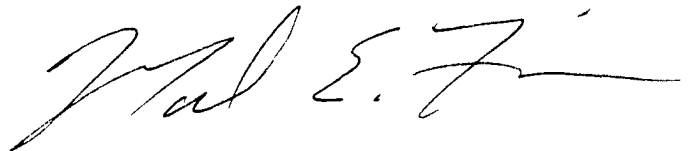
Commingled oil and gas production from the wells detailed above shall be measured and sold at the "Poker Lake Unit 227 Tank Battery" located in Unit P of Section 30, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico.

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 prior to implementation of commingling operations.

This order supersedes order No. CTB-571

DONE at Santa Fe, New Mexico, on July 21, 2008.



MARK E. FESMIRE, P.E.,
Division Director

MEF/re

cc: Oil Conservation Division – Artesia
Bureau of Land Management (BLM)-Farmington
State Land Office – Oil, Gas, and Minerals Division