

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-5765

Fax (505) 827-5766



DHC-2450

COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

September 13, 1999

Hallwood Petroleum, Inc.
P.O. Box 378111
Denver, Colorado 80237

Attn: Mr. Kevin E. O'Connell

Re: Application for Downhole Commingling
Ocotillo Hills Com Well No. 2
Unit Letter G, Section 21-21S-26E
Avalon Upper-Penn, Avalon-Strawn and Avalon-Morrow Cliffs Pools
Eddy County, New Mexico

Dear Mr. O'Connell:

The New Mexico Oil Conservation Division has advised this office that Hallwood Petroleum, Inc. has applied to downhole commingle the production from the Ocotillo Hills Com Well No. 2. Hallwood Petroleum, Inc. proposes to commingle the production from the Avalon Upper-Penn, Avalon-Strawn and Avalon-Morrow Cliffs Pools.

Pursuant to State Land Office Rule No. 1.053, 1.054 and 1.055, please submit an application to this office for our approval together with the data recommended on the attached commingling pre-application form. The filing fee for a commingling application is \$30.00.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

A handwritten signature in cursive script, appearing to read "Jami Bailey".

BY:
JAMI BAILEY, Director
Oil/Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
Enclosure
xc: Reader File

OCD--Attention: David Catanach, Ben Stone