

COMMISSIONER'S OFFICE

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DHC-2743

COMMERCIAL RESOURCES

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ROYALTY MANAGEMENT

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SURFACE RESOURCES

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 Fax (505) 827-5711

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

May 25, 2000

Pogo Producing Company
 P.O. Box 10340
 Midland, Texas 79702-7340

Attn: Mr. Terry Gant

Re: Downhole Commingling Application
 Shell State Well No. 1
 W/2, Section 36-22S-32E
 Southeast Red Tank Prospect
 State Lease V-2512
 Red Tank; Delaware West and Red Tank; Bone Spring Pools
 Lea County, New Mexico

This office is in receipt of your application of April 24, 2000, requesting our approval to downhole commingle the production from the above subject well from the Red Tank; Delaware West and Red Tank; Bone Spring Pools in Lea County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil %</u>	<u>Gas %</u>
Red Tank; Delaware West	68 %	100 %
Red Tank; Bone Spring	32 %	0 %
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	100	100

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit your filing fee in the amount of \$30.00.

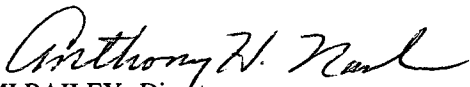
Also, please submit a copy of the Oil Conservation Division's approval order.

Pogo Producing Company
May 25, 2000
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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

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

RP/JB/cpm
Enclosure
xc: Reader File

~~OCD--Santa Fe--Attention:--David Catanach, Ben Stone~~