

COMMISSIONER'S OFFICE  
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DHC-2789

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ROYALTY MANAGEMENT  
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PUBLIC AFFAIRS  
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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.**

July 7, 2000

Apache Corporation  
2000 Post Oak Blvd.  
Suite 100  
Houston, Texas 77056-4400

Attn: Ms. Debra J. Anderson

Re: Downhole Commingling Application  
State CK Well No. 4  
Unit Letter K, Section 19-21S-37E  
Paddock and Blinebry Pools  
Lea County, New Mexico

Dear Ms. Anderson:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on July 3, 2000. Your application requests our approval to downhole commingle the Paddock and Blinebry production within the wellbore of the State CK Well No. 4 located in Unit Letter K, Section 19-21S-37E, 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>
Paddock	20%	11%
Blinebry	80%	89%
	-----	-----
	100%	100%

Since it appears that the New Mexico Oil Conservation Division's rules and regulations have been complied with, and 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.

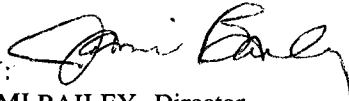
Also, please submit a copy of the Oil Conservation Division's Order approving this application.

Apache Corporation  
July 7, 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

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