

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760  
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**ADMINISTRATION**

Phone (505) 827-5700  
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**GENERAL COUNSEL**

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**PUBLIC AFFAIRS**

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

DHC-2861

**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

December 27, 2000

American Inland Resources Co., LLC.  
P.O. Box 50938  
Midland, Texas 79710

Attn: Mr. Michael D. Prichard

Re: Application for Downhole Commingling  
New Mexico-AQ- State NCT-11 Well No. 3  
Unit Letter K, Section 3-14S-33E  
South Baum-Wolfcamp and Lazy J-Penn Pools  
Lea County, New Mexico

Dear Mr. Prichard:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on December 15, 2000. Your application requests our approval to downhole commingle the South Baum-Wolfcamp and Lazy J-Penn production within the wellbore of the New Mexico-AQ- State NCT-11 Well No. 3 located in Unit Letter K, Section 3-14S-33E, 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>
South Baum-Wolfcamp	62.5%	0%
Lazy J-Penn	37.5%	100%
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	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.

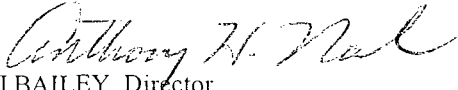
Your \$30.00 filing fee has been received.

American Inland Resources Co., LLC.  
December 27, 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

*For*

RP/JB/cpm  
Enclosure

xc: Reader File

OCD--Attention: David Catanach