

COMMISSIONER'S OFFICE

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

DHC-3053

COMMERCIAL RESOURCES

Phone (505) 827-5724

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MINERAL RESOURCES

Phone (505) 827-5744

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ROYALTY MANAGEMENT

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Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

October 16, 2002

Fasken Oil and Ranch, Ltd.
303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5116

Attn: Mr. Jimmy D. Carlile

Re: Application for Downhole Commingling
Howell "29" Com Well No. 1
Unit Letter G, Section 29-20S-25E
Dagger Draw Upper Penn, South, Indian Basin Strawn, North and Wildcat (Atoka) Pools
Eddy County, New Mexico

Dear Mr. Carlile:

Your application to downhole commingle the Dagger Draw Upper Penn, South, Indian Basin Strawn, North and Wildcat (Atoka) production from within the wellbore of the above-captioned well was received on September 13, 2002.

Since it appears that all 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 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.

Our approval is contingent on Fasken Oil and Ranch, Ltd. submitting a new Communitization Agreement for the Upper Penn, Strawn and Atoka Formations or amending the current Morrow communitization agreement.

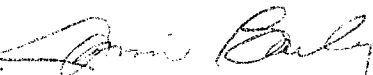
Your \$30.00 filing fee has been received.

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

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