

COMMISSIONER'S OFFICE
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COMMERCIAL RESOURCES
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ROYALTY MANAGEMENT
Phone (505) 827-5772
Fax (505) 827-4739

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.**

January 16, 2002

Nearburg Producing Company
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

Attn: Ms. Kim Stewart

Re: Request for Lease and Surface Commingling, Off-Lease Measurement, Storage, and Sale of
Produced Natural Gas
North Rock Lake Well No. 1-G Sec. 16-22S-35E
Antler 17 State Well No. 1-D Sec. 17-22S-35E
State Leases Numbers V-5848, V-5253 and VA-705
Lea County, New Mexico

Dear Ms. Stewart:

We are in receipt of your letter of January 10, 2002 requesting our approval for lease and surface commingling, off-lease measurement and sale of the natural gas production from the above captioned wells.

It is our understanding that Nearburg Producing Company will first meter and then commingle and off lease measure gas production from the above captioned wells. The common sales meter located in Section 18, Township 22 South, Range 35 East, is located on State Lease No. VA-705.

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 is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Please contact Ms. Debbie Padilla or our Right of Way Division at 505/827-5729 regarding a possible right-of-way through the N/2 of Section 17 and NE/4 of Section 18, Township 22 South, Range 35 East.

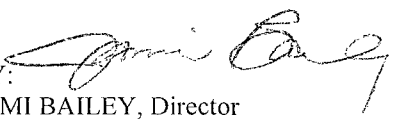
Your \$30.00 dollar filing has been received.

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/pm

pc: Reader File, OCD-Attention: David Catanach, Ben Stone,