

COMMISSIONER'S OFFICE
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CASE NO.
12239



AUG 11 1999

COMMERCIAL RESOURCES
Phone (505) 827-5724
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MINERAL RESOURCES
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Fax (505) 827-4739

ROYALTY MANAGEMENT
Phone (505) 827-5772
Fax (505) 827-4739

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.

August 9, 1999

Marks and Garner Production, Ltd. Co.
P. O. Box 70
Lovington, New Mexico 88260

Attn: Mr. Ernest L. Marks

Re: Surface Commingling
Levers #5, #6, & #7
Red State #1 & #2
Red 12 Fed #1 & #2
Red 12 State #2 & #3
Red 12 Mt. #1
Cave State #1 & #5
Diamond State #1 & #2
Eddy County, New Mexico

Dear Mr. Marks:

We have received your letter of July 23, 1999, wherein you requested our approval for surface commingling of production from the above-captioned wells.

We understand that Marks and Garner needs to transport gas produced from the above captioned wells to GPM's sales line which is a low-pressure central delivery point. You also propose to test each lease every quarter by way of a one-hour vent test.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management. Please submit copies of the NMOCD and BLM's approvals.

Please submit a thirty-dollar filing fee.

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,
BLM-Roswell, New Mexico