



COMMERCIAL RESOURCES  
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SURFACE RESOURCES  
(505)-827-5793

MINERAL RESOURCES  
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ROYALTY  
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State of New Mexico  
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.  
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LEGAL  
(505)-827-5713

PLANNING  
(505)-827-5752

June 4, 1999

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

Attn: Ms. Frances M. Byers

Re: Downhole Commingling Application  
State "C" Tract 12 Well No. 3  
Unit Letter E, Section 16-21S-37E  
Skelly Penrose, Blinebry, Tubb, and Drinkard Pools  
Lea County, New Mexico

Dear Ms. Byers:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on May 20, 1999. Your application requests our approval to downhole commingle the Skelly Penrose, Blinebry, Tubb, and Drinkard production within the wellbore of the State "C" Tract 12 Well No. 3, Unit Letter E, located in Section 16-21S-37E, Lea County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows: (Allocation was corrected based on production and test data submitted.)

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil %</u>	<u>Gas %</u>
Skelly Penrose	36%	23%
Blinebry	4%	17%
Tubb	7%	48%
Drinkard	53%	12%
	----- 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.

Apache Corporation  
June 4, 1999  
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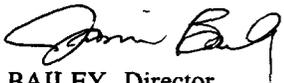
Your filing fee in the amount of \$30.00 has been received.

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

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