

COMMISSIONER'S OFFICE  
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DHC-2451  
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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.**

September 9, 1999

Concho Resources, Inc.  
110 W. Louisiana  
Suite 410  
Midland, Texas 79701

Attn: Mr. Jim Blount

Re: Downhole Commingling Application  
Caballo '9' State Well No. 1  
Unit Letter E, Section 9-23S-34E  
Strawn and Atoka Pools  
Lea County, New Mexico

Dear Mr. Blount:

Your application to downhole commingle the Strawn and Atoka production from within the wellbore of the above-captioned well was received on August 18, 1999.

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.

Your \$30.00 dollar filing fee has been received.

Also, please submit the appropriate approval from the New Mexico Oil Conservation Division.

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

A handwritten signature in cursive script, appearing to read "Jami Bailey".

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