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PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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February 18, 2008

XTO Energy Inc.
2700 Farmington Ave. Bldg. K. Ste 1
Farmington, New Mexico 87401

Attn: Ms. Holly C. Perkins

Re: Downhole Commingling Application
State Com Well No. 1 F Unit Letter J
Section 16-29N-11W API No. 30-045-34344
Otero Chacra and Basin Dakota Pools
San Juan County, New Mexico

Dear Ms. Perkins:

Thank you for your application to downhole commingle the Otero Chacra and Basin Dakota pools from the referenced well in San Juan County, New Mexico.

Since it appears that all the New Mexico Oil Conservation's (OCD) 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 application is approved. Any deviation from the substance of your application will be cause for rescinding our approval, and approval is subject to like approval by the OCD.

Our approval is contingent upon XTO submitting a communitization agreement for the Chacra Formation covering the SE/4 of Sec. 16-29N-11W.

Your filing fee in the amount of \$30.00 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,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

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

BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
PL/JB/jm
Enclosure
xc: Reader File OCD—Ed Martin,

-State Land Office Beneficiaries -

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