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**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

August 30, 2001

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

Attention: Ms. Kim Stewart

Re: Off Lease Gas Measurement and Surface Commingling
Big Walt 2 State #3, McKittrick Federal Com 11 #1-Y and Shelby Federal #3
McKittrick Hills; Morrow and McKittrick Hills; Upper Penn (Gas) Pools
Eddy County, New Mexico

Dear Ms. Stewart:

Your letter of August 15, 2001 was received on August 21, 2001. Your letter requests approval for off lease gas measurement and surface commingling of the production from the following wells:

Well Name and Number	Description	Pool
Big Walt 2 State #3	W/2 Sec. 2-22S-24E	McKittrick Hills; Morrow
McKittrick Fed. Com #1Y S/2 Sec. 11-22S-24E		McKittrick Hills; Upper Penn (Gas)
Shelby Federal #3	S/2 Sec. 12-22S-24E	McKittrick Hills; Upper Penn (Gas)

It is our understanding that all production will be individually metered on each well with a check meter. The sales meter for surface commingle and off lease measurement is located in Section 13-21S-25E.

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.

Your \$30.00 dollar filing fee 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,
BLM-Roswell, Attn: Mr. Armando Lopez