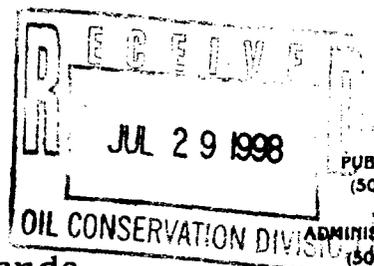


CTB 467



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5795

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5715

PLANNING
(505)-827-5752

July 27, 1998

Marathon Oil Company
P.O. Box 2409
Hobbs, New Mexico 88241-2409

Attn: Mr. Bryan L. Williams

Re: Application for Surface Commingling
David Crockett "27" State Lease
Unit Letter K, Section 27-18S-28E
Samuel Burns "34" State Lease
Unit Letter C, Section 34-18S-28E
James Buchanan "33" State Lease
Unit Letter I, Section 33-18S-28E
Henry Courtman "4" State Lease
Unit Letter G, Section 4-19S-28E
James Garvin '22' State Lease
Unit Letter O, Section 22-18S-28E
J. Guerrero '34' State Lease
S/2, Section 34-18S-28E
Edward Mitchusson '4' State Lease
Unit Letter K, Section 4-19S-28E
George Pagan '26' State Lease
W/2, Section 26-18S-28E
W.B. Travis '15' State Lease
Unit Letter A, Section 15-18S-28E
Buchanan Central Production Battery
Eddy County, New Mexico

Dear Mr. Williams:

We are in receipt of your application of June 17, 1998, wherein you have requested our approval to surface commingle the production from the above wells.

We understand that production from the subject wells will be commingled and stored at the James Buchanan "33" State Well No. 1 tank battery facility located in Unit Letter I, Section 33-18S-28E.

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. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. 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

Marathon Oil Company

July 27, 1998

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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.

Please contact Debbie Padilla of our Surface Division at (505) 827-5729 regarding a Right of Way easement for this project.

Your \$30.00 filing fee has been received.

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

Oil, Gas and Minerals Division

(505) 827-5744

RP/JB/cpm

Enclosure

pc: Reader File

OCD--David Catanach, Ben Stone

Debbie Padilla