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SURFACE RESOURCES

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

August 31, 2000

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0552

Attn: Ms. Ginny Larke

Re: Application for Off Lease Storage, Measurement, and Sales, Surface Commingling, and Alternative Measurement Method of Hydrocarbon Production for North Indian Basin Unit Well No. 32, and Federal IBA Gas Com Well 1 and 2, Section 15-21S-23E, and Off Lease Storage, Measurement, and Sales and Alternative Measurement Method of Hydrocarbon Production for Indian Basin "A" Wells 2 and 3, Section 22-21S-23E, Federal Lease Nos.: NM05612A, NM0384628, NM 5608, and Com Agreement SW-280
Eddy County, New Mexico

Dear Ms. Larke:

We are in receipt of your application of August 15, 2000, wherein you have requested our approval for surface commingling, off lease measurement and storage, and alternative measurement of hydrocarbon production from the above-referenced wells.

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. 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 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 and the Bureau of Land Management.

Your \$30.00 filing fee has been received.

Please submit a copy of the New Mexico Oil Conservation Division's order and the Bureau of Land Management's approval of 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--Mr. David Galtbach, Mr. Ben Stone

BLM --Mr. Armando Lopez