

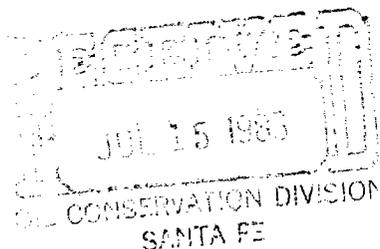


Mark K. Mosley
Division Manager
Production Department
Hobbs Division
North American Production

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Hobbs, NM 88240
(505) 393-4141

July 11, 1983

New Mexico Oil Conservation Division
Department of Energy and Minerals
P. O. Box 2088
Santa Fe, NM 87501



Attention: Mike Stogner

Gentlemen:

Surface Commingling of Production from the State 19 and State S-19 Leases,
Eddy County, New Mexico

Confirming your conversation last week with Hugh Ingram on the above subject, it is our understanding that we may proceed with the subject commingling based on your verbal approval of our Application. Because of the economic benefits of commingling, primarily due to water hauling expense, we are anxious to begin the revision.

Please advise by phone if there should be any objection to our proceeding, immediately, with the commingling.

Yours very truly,

HAI:mhe

CC: NMOCD - Artesia