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

December 3, 2001

Texaco Exploration & Production Inc.
500 N. Loraine Street
Midland, Texas 79702

Attention: Mr. Bobby J. Hill

Re Surface Commingling Application
State Lease No. B-145-4
New Mexico 'E' State NCT-1 #8 NW/4SW4, Sec. 1-20S-36E
New Mexico 'E' State NCT-1 #7 SE/4SW/4, Sec. 1-20S-36E
Monument Blinbry and Monument Abo Pools
Lea County, New Mexico

Dear Mr. Hill:

We are in receipt of your application of November 12, 2001. Your application requests our approval to surface commingle the Monument Blinbry and Monument Abo pool production from the above captioned wells at the N.M. 'E' State NCT-1 #7 tank battery located in the SE/4SW/4 of Section 1, Township 20 South, Range 36 East.

It is our understanding the production from both wells will be allocated by monthly wells tests through a test vessel at the battery.

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.

Your \$30.00 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,