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~~9/11/02~~  
NA

# XERIC Oil & Gas Corporation

AUG 29 2002

1801 W. Texas, P. O. Box 352  
Midland, Texas 79702

(914) 683-3171  
Fax: (915) 683-3152

August 26, 2002

New Mexico Oil Conservation Division  
Attn: David Catanach  
1220 S. St. Francis Drive  
Santa Fe, NM 87504

State of New Mexico  
Commissioner of Public Lands  
Attn: Ray Powell  
P. O. Box 1148  
Santa Fe, NM 87504-1148

Re: Application to Surface Commingle  
Julio State #1, Unit D, Sec. 20, 20S, 39E,  
State Lease VO-5109-1, DK Abo Pool  
Lea County

(30-025-35889)

Porfidio State #1, Unit M, Sec. 17, 20S, 39 E,  
State Lease VO-5116-1, DK Abo Pool  
Lea County

(30-025-35890)

Gentlemen:

Xeric Oil & Gas Corporation requests approval to surface commingle the production from the two referenced leases at the Julio State #1 battery. The use of a single battery will be more cost efficient without sacrificing the quality of production. A schematic of the commingling plan is attached. Both wells produce from the DK Abo formation, therefore the fluids should be compatible. Production will be allocated back to each well based on periodic well tests. The initial commingle will be based on the production tests attached, as follows:

Julio State #1	32% Oil	39% Water	27% MCF
Porfidio State #1	68% Oil	61% Water	73% MCF

Attached for your consideration is documentation of notification to working and royalty interest owners. The working and royalty interest ownership in the two leases is the same. All working and royalty interest owners have been notified of commingling plans.

Your cooperation in this matter will be appreciated. If you have any questions, please contact me at 915-683-3171. Please send your approval to proceed to my attention at the address listed above.

Yours truly,

A handwritten signature in black ink, appearing to read "R. C. Barnett". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

R. C. Barnett  
President

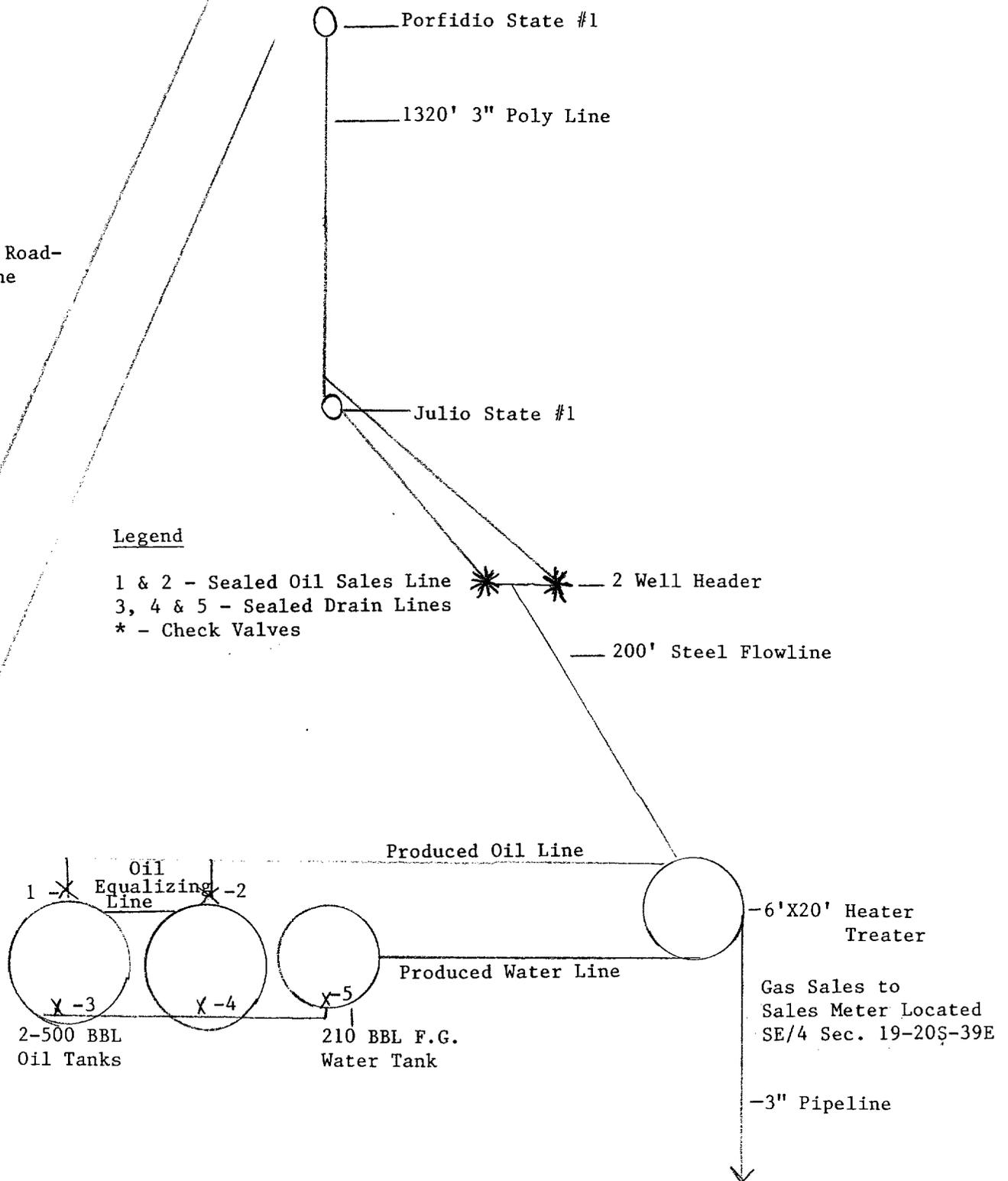
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XERIC OIL & GAS CORPORATION

JULIO STATE #1 TANK BATTERY  
UNIT D, SEC. 20, T20S, R39E  
LEA COUNTY, NEW MEXICO

Lease Road-  
Caliche



Legend

1 & 2 - Sealed Oil Sales Line \* \* - 2 Well Header  
3, 4 & 5 - Sealed Drain Lines  
\* - Check Valves

Produced Oil Line  
1 - \* - Oil Equalizing Line - 2  
X - 3  
X - 4  
X - 5  
2-500 BBL Oil Tanks  
210 BBL F.G. Water Tank  
6'X20' Heater Treater  
Gas Sales to Sales Meter Located SE/4 Sec. 19-20S-39E  
-3" Pipeline

Porfidio State #1  
Unit M, Sec. 17, T20S, R39E  
Lea County, New Mexico

**XERIC OIL & GAS CORPORATION**

**PORFIDIO STATE #1 PRODUCTION**

**DK Abo**

	BBLs OIL	BBLs WTR	MCF
7/23/02	10	0	10
7/24/02	20	0	97
7/25/02	53	0	85
7/26/02	34	0	94
7/27/02	52	0	57
7/28/02	38	0	47
7/29/02	18	0	30
7/30/02	36	0	39
7/31/02	30	0	41
8/1/02	30	0	40
8/2/02	33	3	41
8/3/02	25	8	39
8/4/02	28	2	40
8/5/02	28	4	41
8/6/02	21	5	42
8/7/02	27	4	50
8/8/02	24	5	52
8/9/02	18	5	50
8/10/02	22	5	52
8/11/02	20	5	52
8/12/02	18	5	50
8/13/02	20	5	50
8/14/02	20	5	50
8/15/02	20	5	50
8/16/02	20	5	50
8/17/02	19	5	50
8/18/02	20	5	50
8/19/02	20	5	50
8/20/02	20	5	50
8/21/02	20	5	50
8/22/02	20	2	40
8/23/02	26	65	48
<b>TOTAL</b>	<b>810</b>	<b>163</b>	<b>1587</b>
Daily Average	26	5	51
Gravity	37.6		

**XERIC OIL & GAS CORPORATION**

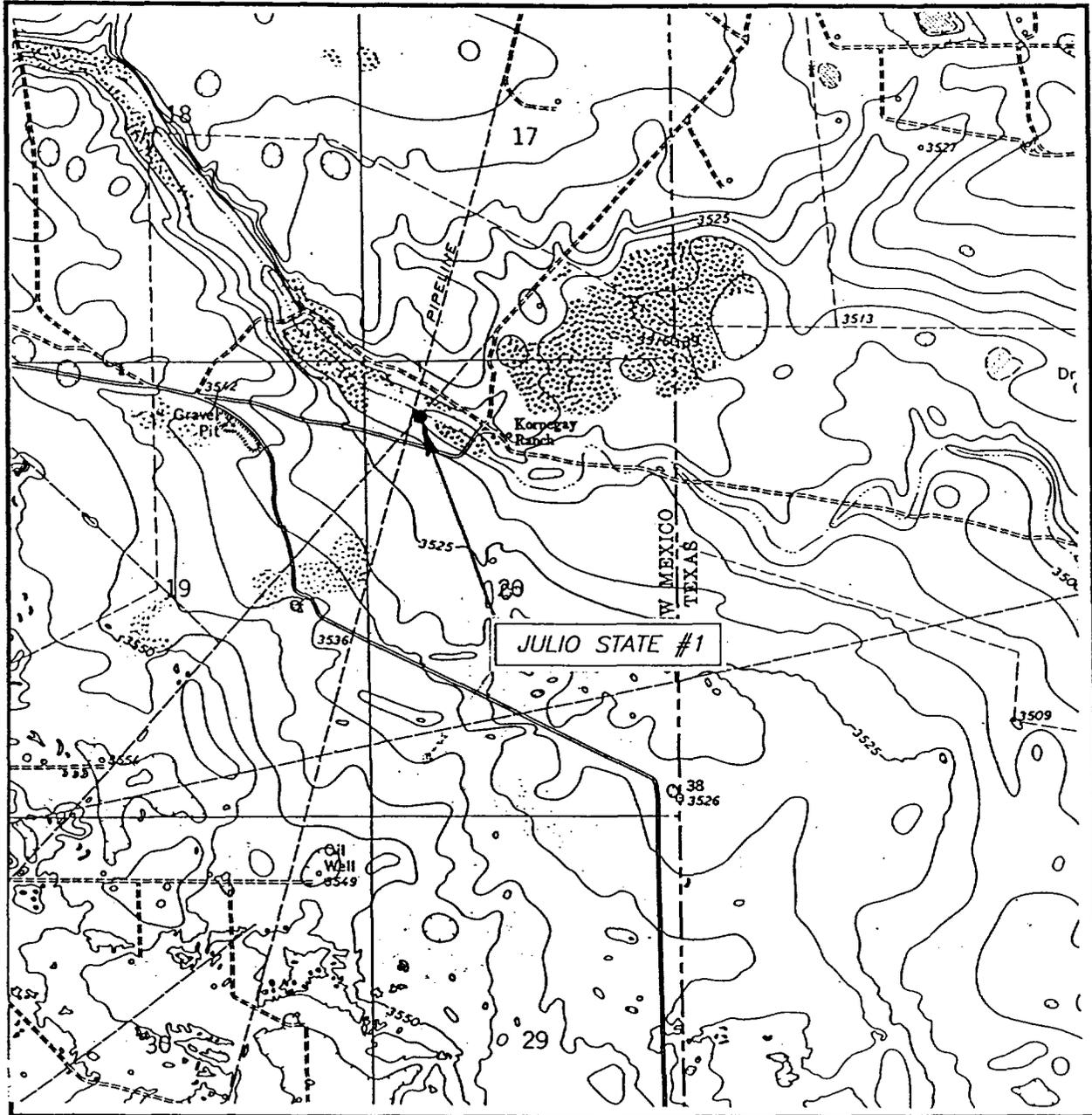
**JULIO STATE #1 PRODUCTION**

**DK Abo**

	BBLs OIL	BBLs WTR	MCF
7/23/02	19	8	16
7/24/02	17	8	17
7/25/02	19	8	17
7/26/02	18	6	17
7/27/02	19	8	16
7/28/02	17	5	15
7/29/02	15	7	29
7/30/02	7	2	18
7/31/02	9	7	18
8/1/01	2	20	18
8/2/02	9	6	18
8/3/02	11	6	18
8/4/02	9	6	18
8/5/02	9	6	18
8/6/02	2	0	11
8/7/02	2	0	0
8/8/02	2	0	0
8/9/02	1	0	0
8/10/02	0	0	0
8/11/02	0	0	2
8/12/02	0	0	10
8/13/02	16	0	21
8/14/02	30	0	34
8/15/02	20	0	28
8/16/02	13	0	28
8/17/02	0	0	21
8/18/02	0	0	12
8/19/02	2	0	12
8/20/02	32	0	28
8/21/02	12	0	42
8/22/02	49	0	49
8/23/02	18	0	45
<hr/>			
	379	103	596
Daily Average	12	3	19
Gravity	35.8		



# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 5'  
HOBBS SE, N.M.

SEC. 20 TWP. 20-S RGE. 39-E

SURVEY \_\_\_\_\_ N.M.P.M. \_\_\_\_\_

COUNTY \_\_\_\_\_ LEA \_\_\_\_\_

DESCRIPTION 760' FNL & 710' FWL

ELEVATION 3515'

OPERATOR XERIC OIL & GAS CORPORATION

LEASE JULIO STATE

U.S.G.S. TOPOGRAPHIC MAP  
HOBBS SE, N.M.

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

**XERIC OIL & GAS CORPORATION**

**P. O. BOX 352**

**MIDLAND, TEXAS 79702**

**(TEL) 915-683-3171**

**(FAX) 915-683-6348**

July 20, 2002

TO: Working Interest Owners &  
Royalty Interest Owners

RE: Application of Xeric Oil & Gas Corporation  
For Surface Commingling on  
Julio State #1 – DK; ABO Pool

Porfidio State #1 – DK; ABO Pool  
Lea County, New Mexico

Gentlemen:

Xeric Oil & Gas Corporation has applied with the New Mexico Oil Conservation Division requesting to surface commingle on the Julio State #1 and the Profidio State #1 in Lea County, New Mexico. The attachments are for your records.

If you have any questions, please contact me at 915-683-3171.

Sincerely,



Angie Crawford  
Production Analyst

Attachments

Consent: \_\_\_\_\_  
Signature

**WORKING INTEREST AND ROYALTY OWNERS**

**PORFIDIO STATE #1**

GERONIMO HOLDING CORPORATION  
P. O. BOX 804  
MIDLAND, TEXAS 79702

R. C. BARNETT  
2502 AUBURN PLACE  
MIDLAND, TEXAS 79705

G. P. C. OIL & GAS CORPORATION  
P. O. BOX 50982  
MIDLAND, TEXAS 79710

LEWIS OIL & GAS, INC.  
P. O. BOX 50035  
MIDLAND, TEXAS 79710

POGAR PETROLEUM, LTD.  
P. O. BOX 10095  
MIDLAND, TEXAS 79702

RIO GRANDE ENERGY, INC.  
P. O. BOX 7405  
MIDLAND, TEXAS 79708

STATE OF NEW MEXICO  
COMMISSIONER OF PUBLIC LANDS  
P. O. BOX 1148  
SANTA FE, NEW MEXICO 87507-1148

E. F. WINN  
4101 SKYLINE DRIVE  
MIDLAND, TEXAS 79707

**WORKING INTEREST AND ROYALTY OWNERS**

**JULIO STATE #1**

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