

DHC-1688



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**

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PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5715

PLANNING
(505)-827-5752

September 3, 1997

Mirage Energy, Inc.
7915 N. Llewelyn
Hobbs, New Mexico 88242

Attn: Mr. James D. Cogburn

Re: Downhole Commingling Application
Sims 35 State Well No. 2
Unit Letter J, Section 35-20S-35E
Southeast Lea Wolfcamp and Osudo Morrow West Pools
Lea County, New Mexico

Dear Mr. Cogburn:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on August 27, 1997. Your application requests our approval to downhole commingle the Osudo Morrow West and Southeast Lea Wolfcamp production within the wellbore of the Sims "35" State Well No. 2 located in Unit Letter J, Section 35-20S-35E, Lea County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil%</u>	<u>Gas %</u>
Osudo Morrow West	76%	98%
Southeast Lea Wolfcamp	24%	2%
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	100%	100%

Mirage Energy, Inc.

September 3, 1997

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Since it appears that 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 for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

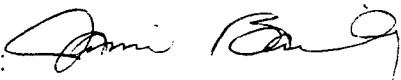
Your filing fee in the amount of \$30.00 has been received.

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, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

cc: Reader File

OCD--Attention: David Catanach, Ben Stone