



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
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Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5715

PLANNING
(505)-827-5752

March 1, 1999

Xeric Oil & Gas Corporation
P.O. Box 352
200 N. Loraine, Suite 1000
Midland, Texas 79702

Attn: Mr. R. C. (Rob) Barnett

Re: Downhole Commingling Application
TCB State Well No. 1
Unit Letter D, Section 36-20S-38E
Tubb Oil & Gas and Drinkard Pools
Lea County, New Mexico

Dear Mr. Barnett:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on January 19, 1999. Your application requests our approval to downhole commingle the Tubb Oil & Gas and Drinkard production within the wellbore of the TCB State Well No. 1 located in Unit Letter D, Section 36-20S-38E, 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>
Drinkard	20%	48%
Tubb Oil & Gas	80%	52%
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	100%	100%

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.

"WE WORK FOR EDUCATION"

Xeric Oil & Gas Corporation
March 1, 1999
Page 2

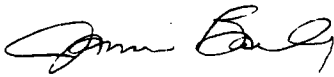
Please submit your filing fee in the amount of \$30.00.

Also, 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
xc: Reader File

OCD--Attention: David Catanach, Ben Stone