

COMMISSIONER'S OFFICE

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DHC-2847

COMMERCIAL RESOURCES

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ROYALTY MANAGEMENT

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SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

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

October 16, 2000

Merrion Oil & Gas Corporation
610 Reilly Avenue
Farmington, New Mexico 87401-2634

Attn: Mr. George F. Sharpe

Re: Downhole Commingling Application
State 23 Com Well No. 1
Unit Letter N, Section 23-23S-34E
Antelope Ridge (Atoka) and Antelope Ridge (Morrow) Pools
Lea County, New Mexico

Dear Mr. Sharpe:

Your application to downhole commingle the Antelope Ridge (Atoka) and Antelope Ridge (Morrow) production from within the wellbore of the above-captioned well was received on September 22, 2000.

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 for downhole commingling 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.

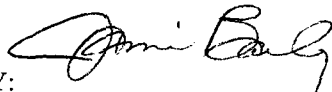
Please submit your \$30.00 dollar filing fee.

Also, please submit the appropriate approval from the New Mexico Oil Conservation Division.

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, Marc Ashley