

COMMISSIONER'S OFFICE

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DHC-2861

COMMERCIAL RESOURCES

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ROYALTY MANAGEMENT

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SURFACE RESOURCES

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

December 27, 2000

American Inland Resources Co., LLC.
P.O. Box 50938
Midland, Texas 79710

Attn: Mr. Michael D. Prichard

Re: Application for Downhole Commingling
New Mexico-AQ- State NCT-11 Well No. 3
Unit Letter K, Section 3-14S-33E
South Baum-Wolfcamp and Lazy J-Penn Pools
Lea County, New Mexico

Dear Mr. Prichard:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on December 15, 2000. Your application requests our approval to downhole commingle the South Baum-Wolfcamp and Lazy J-Penn production within the wellbore of the New Mexico-AQ- State NCT-11 Well No. 3 located in Unit Letter K, Section 3-14S-33E, 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> |
| South Baum-Wolfcamp | 62.5% | 0% |
| Lazy J-Penn | 37.5% | 100% |
| | ----- | ----- |
| | 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.

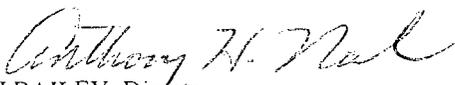
Your \$30.00 filing fee has been received.

American Inland Resources Co., LLC.
December 27, 2000
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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

File

RP/JB/cpm
Enclosure
xc: Reader File

OCD--Attention: David Catanach