

COMMISSIONER'S OFFICE

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

COMMERCIAL RESOURCES

Phone (505) 827-5724

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MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

December 3, 2001

Read & Stevens, Inc.
P.O. Box 1518
Roswell, New Mexico 88202

Attn: Mr. John C. Maxey, Jr.

Re: Downhole Commingling Application
Bandit State Well No. 2
Unit Letter L, Section 10-23S-26E
Frontier Hills Canyon and Frontier Hills Strawn Pools
Eddy County, New Mexico

This office is in receipt of your application of November 27, 2001, requesting our approval to downhole commingle the production from the above subject well from the Frontier Hills Canyon and Frontier Hills Strawn Pools in Eddy 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>
Frontier Hills Canyon	100 %	91 %
Frontier Hills Strawn	0 %	09 %
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	100	100

Since it appears that 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.

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

Also, please submit a copy of the Oil Conservation Division's approval order.

"WE WORK FOR EDUCATION"


310 Old Santa Fe Trail, P. O. Box 1148 Santa Fe, New Mexico 87504-1148

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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

RP/JB/cpm
Enclosure
xc: Reader File

OCD--Santa Fe--Attention: David Catanach