

COMMISSIONER'S OFFICE

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

DHC - 30/2

COMMERCIAL RESOURCES

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MINERAL RESOURCES

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ROYALTY MANAGEMENT

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Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793
Fax (505) 827-5711

June 7, 2002

Devon Production Company, L.P.
20 N. Broadway, Suite 1500
Oklahoma City, OK 73102

Attn: Ms. Karen Cottom

Re: Downhole Commingling Application
Veranda 16 State Com Well No. 1
SW/4SE/4 Sec. 16-17S-26E
Kennedy Farms Upper Penn, Wildcat Strawn and Kennedy Farms Morrow Pools
Eddy County, New Mexico

Dear Ms. Cottom:

We are in receipt of your application of May 14, 2002, requesting our approval to downhole commingle the production from the above subject well from the Kennedy Farms Upper Penn, Wildcat Strawn and Kennedy Farms Morrow pools, 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>	
	Oil %	Gas %
Kennedy Farms Upper Penn	0%	41%
Wildcat Strawn	0%	9%
Kennedy Farms Morrow	<u>0%</u>	<u>50%</u>
	0%	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.

Devon Production Company, L.P.
June 7, 2002
Page 2

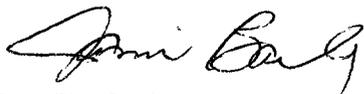
Your \$30.00 filing fee has been received.

Our records reflect that you currently have a communitization for the Morrow formation covering the S/2 of Section 16, Township 17 South, Range 26 East. Please submit the appropriate communitization agreements for the Upper Penn and Strawn formations.

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/pm

pc: Reader File,
OCD-Santa Fe Attn: Mr. Roy Johnson
TRD-Attn: Mr. Valdean Severson