

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760  
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**ADMINISTRATION**

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

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Phone (505) 827-5724  
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**MINERAL RESOURCES**

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Fax (505) 827-4739

**ROYALTY MANAGEMENT**

Phone (505) 827-5772  
Fax (505) 827-4739

**SURFACE RESOURCES**

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

October 16, 2002

Mack Energy Corporation  
P.O. Box 960  
Artesia, New Mexico 88211-0960

Attn: Mr. Jerry W. Sherrell

Re: Downhole Commingling Application  
Antelope State Well No. 3  
Unit Letter K, Section 36-17S-31E  
Grayburg and Tamano San Andres Pools  
Eddy County, New Mexico

Dear Mr. Sherrell:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on September 13, 2002. Your application requests our approval to downhole commingle the Grayburg and Tamano San Andres production within the wellbore of the Antelope State Well No. 3 located in Unit Letter K, Section 36-17S-31E, Eddy County, New Mexico.

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 filing fee in the amount of \$30.00 has been received.

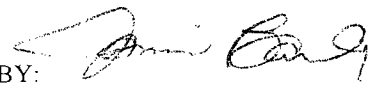
In addition, please submit a copy of the Oil Conservation Division's approval order.

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

*"WE WORK FOR EDUCATION"*

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