

DHC-3063



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SURFACE RESOURCES  
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Fax (505) 827-5711

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

December 17, 2002

Xeric Oil & Gas Company  
P.O. Box 352  
1801 W. Texas  
Midland, Texas 79702

Attn: Ms. Angie Crawford

Re: Downhole Commingling Application  
Porfidio State Well No. 1  
Unit Letter M, Section 17-20S-39E  
Undesignated D-K-Drinkard and Undesignated D-K; Abo Pools  
Lea County, New Mexico

Dear Ms. Crawford:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on November 15, 2002. Your application requests our approval to downhole commingle the Undesignated D-K-Drinkard and Undesignated D-K; Abo production within the wellbore of the Porfidio State Well No. 1 located in Unit Letter M, Section 17-20S-39E, 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>
Undesignated D-K-Drinkard	55 %	38 %
Undesignated D-K; Abo	45 %	62 %
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	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.

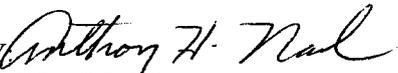
Xeric Oil & Gas Company  
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Your filing fee in the amount of \$30.00 has been received.

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

*for*

RP/JB/cpm  
Enclosure  
xc: Reader File      ~~OCD~~ Attention: ~~David~~ Catánach