



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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June 18, 2008

BEPCO, L.P.
P. O. Box 2760
Midland, Texas 79702

Attention: Ms. Ann Moore

Re: Surface Commingling
Off Lease Storage and Measurement
Horned Toad "36" State Well No. 3H Sec. 36-24S-29E (30-015-36200)
Poker Lake Unit Well No. 227-P Tank Battery Sec. 30-24S-30E
Eddy County, New Mexico

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Dear Ms. Moore:

We have received your letter of June 10, 2008 requesting our approval for surface commingling and off-lease storage and measurement for the above captioned well. This application amends the previously approved application by adding an additional well on the Horned Toad 36 State Lease.

It is our understanding that production from the Horned Toad "36" State Well No. 3H will be metered separately prior to any commingling at the Poker Lake Unit Well No. 227 central tank battery located in the SE/4 of Section 30-24S-30E. All production will be from the Nash Draw; Delaware/BS (Avalon Sand) pool.

Since it appears that all 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 is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 dollar filing fee has been received.

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

June 18, 2008

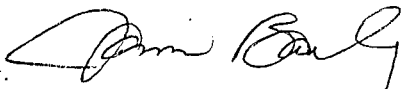
BEPCO, L.P..

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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,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director

Oil, Gas and Minerals Division

PL/JB/pm

pc: Reader File,

OCD-Attention: Mr. Ed Martin

BLM-Roswell Attn: Mr. John Simitz