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~~9/18/02~~
NA

XERIC Oil & Gas Corporation

AUG 29 2002

1801 W. Texas, P. O. Box 352
Midland, Texas 79702

August 26, 2002

(914) 683-3171
Fax: (915) 683-3152

New Mexico Oil Conservation Division
Attn: David Catanach
1220 S. St. Francis Drive
Santa Fe, NM 87504

State of New Mexico
Commissioner of Public Lands
Attn: Ray Powell
P. O. Box 1148
Santa Fe, NM 87504-1148

Re: Application to Surface Commingle
Julio State #1, Unit D, Sec. 20, 20S, 39E,
State Lease VO-5109-1, DK Abo Pool
Lea County

(30-025-35889)

Porfidio State #1, Unit M, Sec. 17, 20S, 39 E,
State Lease VO-5116-1, DK Abo Pool
Lea County

(30-025-35890)

Gentlemen:

Xeric Oil & Gas Corporation requests approval to surface commingle the production from the two referenced leases at the Julio State #1 battery. The use of a single battery will be more cost efficient without sacrificing the quality of production. A schematic of the commingling plan is attached. Both wells produce from the DK Abo formation, therefore the fluids should be compatible. Production will be allocated back to each well based on periodic well tests. The initial commingle will be based on the production tests attached, as follows:

Julio State #1	32% Oil	39% Water	27% MCF
Porfidio State #1	68% Oil	61% Water	73% MCF

Attached for your consideration is documentation of notification to working and royalty interest owners. The working and royalty interest ownership in the two leases is the same. All working and royalty interest owners have been notified of commingling plans.

Your cooperation in this matter will be appreciated. If you have any questions, please contact me at 915-683-3171. Please send your approval to proceed to my attention at the address listed above.

Yours truly,

A handwritten signature in black ink, appearing to read 'R. C. Barnett', with a long horizontal flourish extending to the right.

R. C. Barnett
President

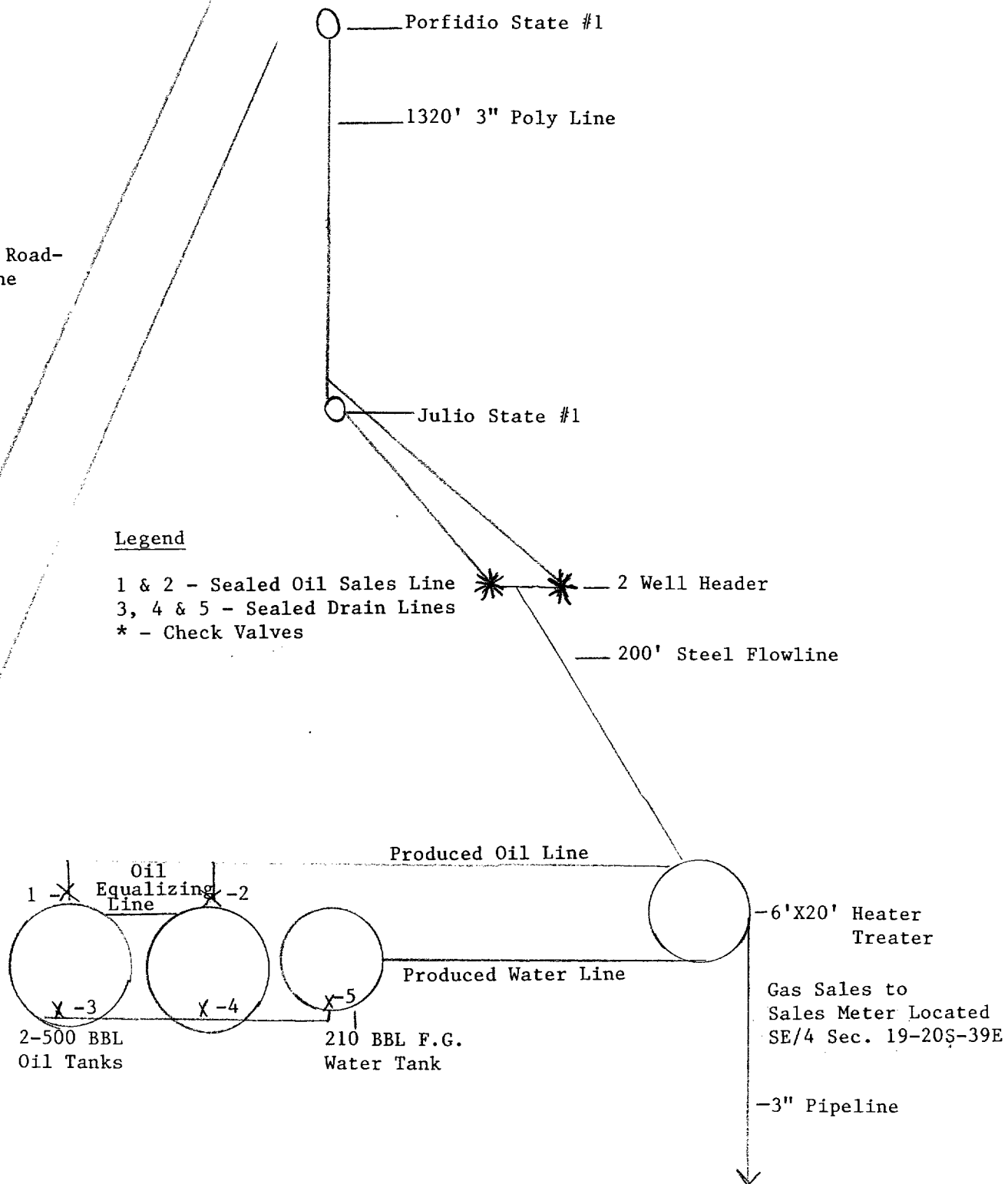
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XERIC OIL & GAS CORPORATION

JULIO STATE #1 TANK BATTERY
UNIT D, SEC. 20, T20S, R39E
LEA COUNTY, NEW MEXICO

Lease Road-
Caliche



Porfidio State #1
Unit M, Sec. 17, T20S, R39E
Lea County, New Mexico

XERIC OIL & GAS CORPORATION**PORFIDIO STATE #1 PRODUCTION****DK Abo**

	BBLS OIL	BBLS WTR	MCF
7/23/02	10	0	10
7/24/02	20	0	97
7/25/02	53	0	85
7/26/02	34	0	94
7/27/02	52	0	57
7/28/02	38	0	47
7/29/02	18	0	30
7/30/02	36	0	39
7/31/02	30	0	41
8/1/02	30	0	40
8/2/02	33	3	41
8/3/02	25	8	39
8/4/02	28	2	40
8/5/02	28	4	41
8/6/02	21	5	42
8/7/02	27	4	50
8/8/02	24	5	52
8/9/02	18	5	50
8/10/02	22	5	52
8/11/02	20	5	52
8/12/02	18	5	50
8/13/02	20	5	50
8/14/02	20	5	50
8/15/02	20	5	50
8/16/02	20	5	50
8/17/02	19	5	50
8/18/02	20	5	50
8/19/02	20	5	50
8/20/02	20	5	50
8/21/02	20	5	50
8/22/02	20	2	40
8/23/02	26	65	48
TOTAL	810	163	1587
Daily Average	26	5	51
Gravity	37.6		

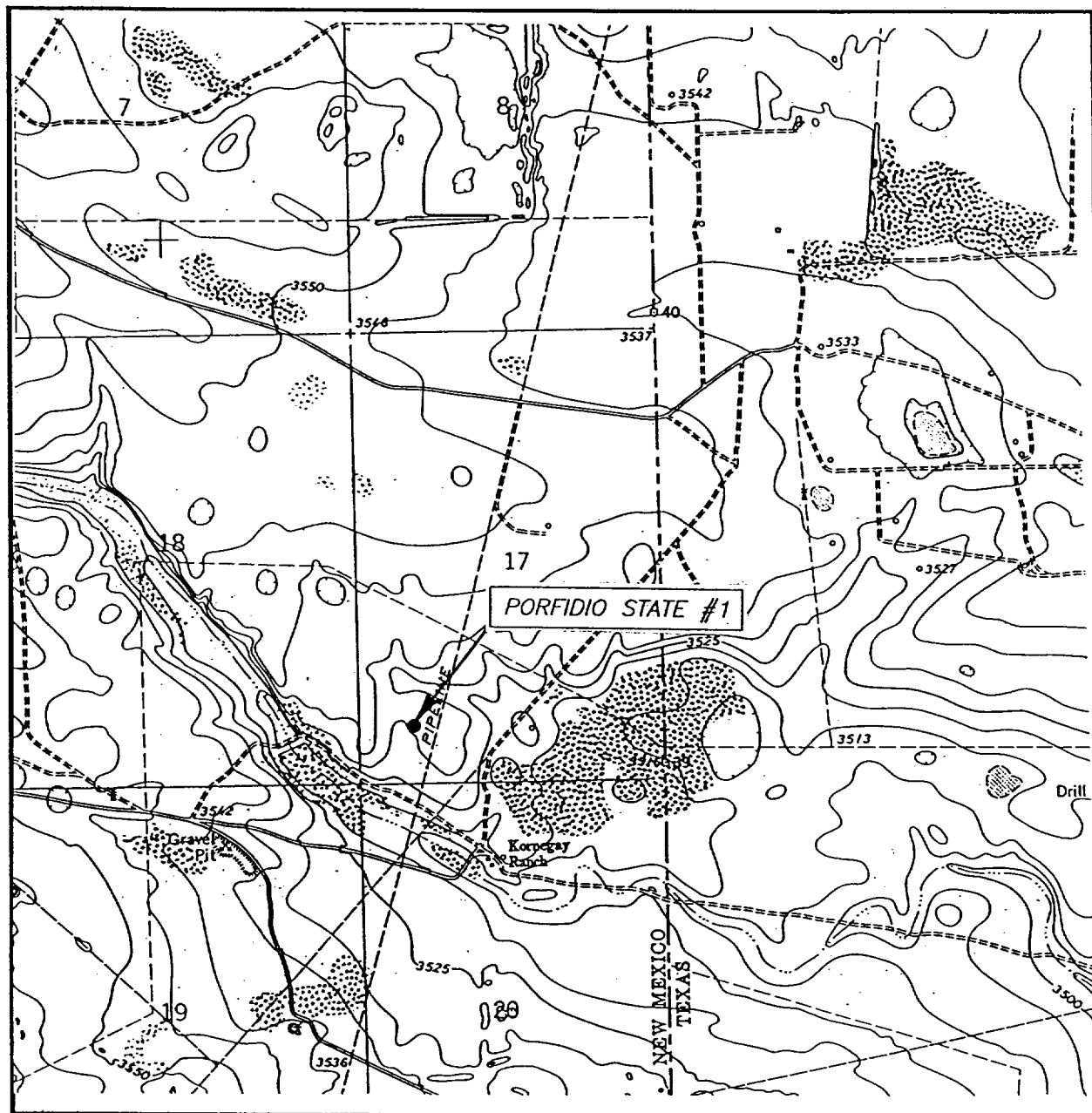
XERIC OIL & GAS CORPORATION

JULIO STATE #1 PRODUCTION

DK Abo

	BBLS OIL	BBLS WTR	MCF
7/23/02	19	8	16
7/24/02	17	8	17
7/25/02	19	8	17
7/26/02	18	6	17
7/27/02	19	8	16
7/28/02	17	5	15
7/29/02	15	7	29
7/30/02	7	2	18
7/31/02	9	7	18
8/1/01	2	20	18
8/2/02	9	6	18
8/3/02	11	6	18
8/4/02	9	6	18
8/5/02	9	6	18
8/6/02	2	0	11
8/7/02	2	0	0
8/8/02	2	0	0
8/9/02	1	0	0
8/10/02	0	0	0
8/11/02	0	0	2
8/12/02	0	0	10
8/13/02	16	0	21
8/14/02	30	0	34
8/15/02	20	0	28
8/16/02	13	0	28
8/17/02	0	0	21
8/18/02	0	0	12
8/19/02	2	0	12
8/20/02	32	0	28
8/21/02	12	0	42
8/22/02	49	0	49
8/23/02	18	0	45
	379	103	596
Daily Average	12	3	19
Gravity	35.8		

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 5'
HOBBS SE, N.M.

SEC. 17 TWP. 20-S RGE. 39-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FSL & 660' FWL

ELEVATION 3531'

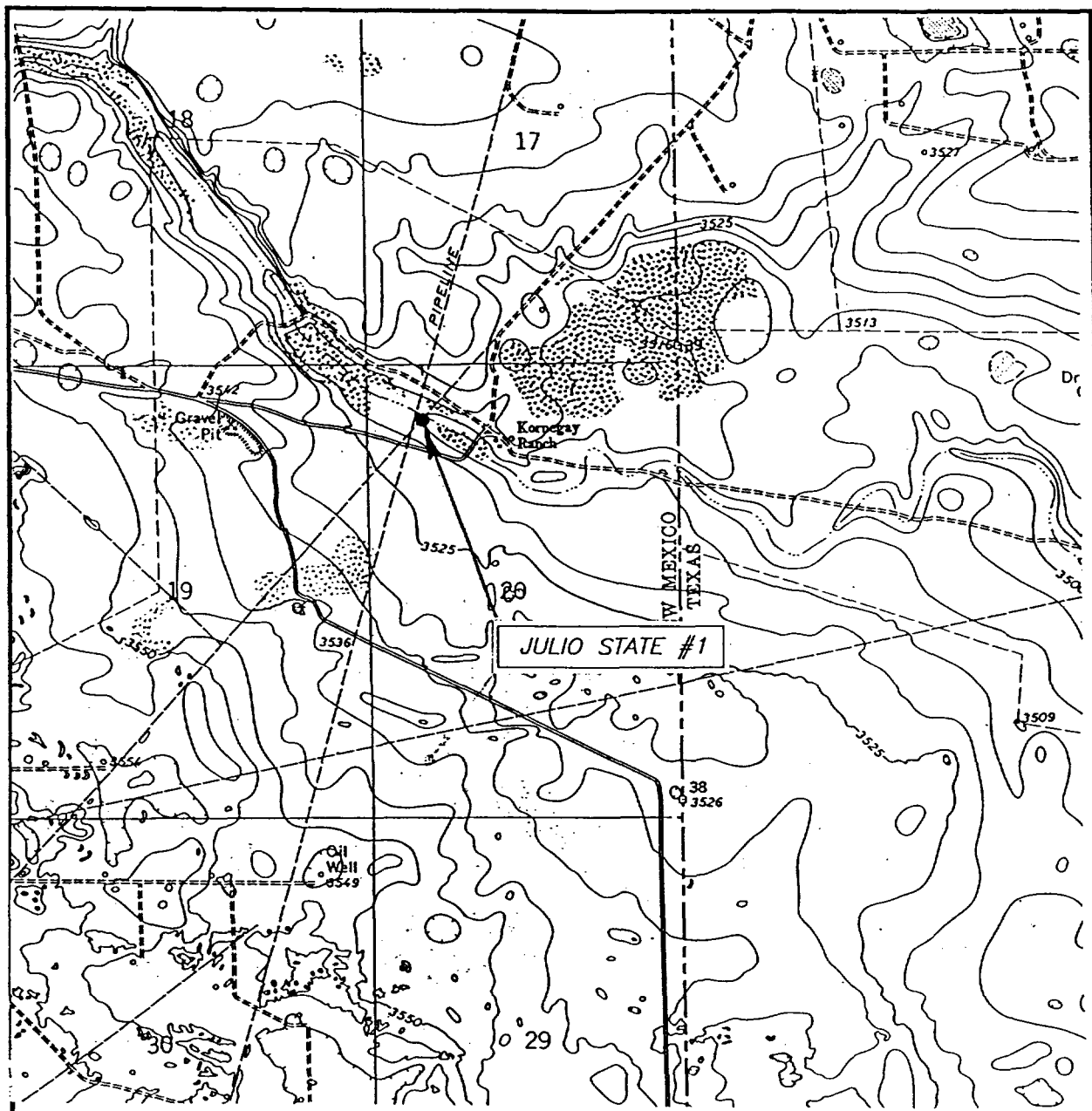
OPERATOR XERIC OIL & GAS CORPORATION

LEASE PORFIDIO STATE

U.S.G.S. TOPOGRAPHIC MAP
HOBBS SE, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 5'
HOBBS SE, N.M.

SEC. 20 TWP. 20-S RGE. 39-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 760' FNL & 710' FWL

ELEVATION 3515'

OPERATOR XERIC OIL & GAS CORPORATION

LEASE JULIO STATE

U.S.G.S. TOPOGRAPHIC MAP
HOBBS SE, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

XERIC OIL & GAS CORPORATION

**P. O. BOX 352
MIDLAND, TEXAS 79702
(TEL) 915-683-3171**

(FAX) 915-683-6348

July 20, 2002

TO: Working Interest Owners &
Royalty Interest Owners

RE: Application of Xeric Oil & Gas Corporation
For Surface Commingling on
Julio State #1 – DK; ABO Pool

Porfidio State #1 – DK; ABO Pool
Lea County, New Mexico

Gentlemen:

Xeric Oil & Gas Corporation has applied with the New Mexico Oil Conservation Division requesting to surface commingle on the Julio State #1 and the Profidio State #1 in Lea County, New Mexico. The attachments are for your records.

If you have any questions, please contact me at 915-683-3171.

Sincerely,



Angie Crawford
Production Analyst

Attachments

Consent: _____
Signature

WORKING INTEREST AND ROYALTY OWNERS

PORFIDIO STATE #1

GERONIMO HOLDING CORPORATION
P. O. BOX 804
MIDLAND, TEXAS 79702

R. C. BARNETT
2502 AUBURN PLACE
MIDLAND, TEXAS 79705

G. P. C. OIL & GAS CORPORATION
P. O. BOX 50982
MIDLAND, TEXAS 79710

LEWIS OIL & GAS, INC.
P. O. BOX 50035
MIDLAND, TEXAS 79710

POGAR PETROLEUM, LTD.
P. O. BOX 10095
MIDLAND, TEXAS 79702

RIO GRANDE ENERGY, INC.
P. O. BOX 7405
MIDLAND, TEXAS 79708

STATE OF NEW MEXICO
COMMISSIONER OF PUBLIC LANDS
P. O. BOX 1148
SANTA FE, NEW MEXICO 87507-1148

E. F. WINN
4101 SKYLINE DRIVE
MIDLAND, TEXAS 79707

WORKING INTEREST AND ROYALTY OWNERS

JULIO STATE #1

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MIDLAND, TEXAS 79702

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