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

COMMERCIAL RESOURCES  
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ROYALTY MANAGEMENT  
Phone (505) 827-5772  
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SURFACE RESOURCES  
Phone (505) 827-5793  
Fax (505) 827-5711

May 24, 2000

Marathon Oil Company  
P.O. Box 2490  
Hobbs, New Mexico 88240

Attn: Mr. Andrew J. Schwandt

Re: Application for Surface Commingling  
Amendment of NMOCD Order R-11112-A  
Scanlon Draw '34' State Com No. 1-O Sec. 34-18S-28E  
Jose Guerrero '34' State Well No. 1-M Sec. 34-18S-28E  
Buchanan Central Production Battery NE/4SE/4 Sec. 33-18S-34E  
Eddy County, New Mexico

Dear Mr. Schwandt:

We are in receipt of your application of April 20, 2000, wherein you have requested our approval to surface commingle the gas from the above mentioned wells with the gas at the Buchanan Central Production Battery.

It is our understanding that the gas from the Scanlon Draw '34' State No. 1 and the Jose Guerrero '34' State No. 1 will be metered on lease before being commingled.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a \$30.00 filing fee.

Also, please submit a copy of the Oil Conservation Division's order approving this application.

Marathon Oil Company  
May 24, 2000  
Page 2

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

Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm

Enclosure

pc: Reader File

OCD—David Catanach, Ben Stone