



RECEIVED

MAY 23 2005

PATRICK H. LYONS  
COMMISSIONER

Oil Conservation Division  
1220 S. Saint Francis Avenue  
Santa Fe, NM 87505  
COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

May 23, 2005

Southwestern Energy Production Company  
2350 N. Sam Houston Parkway East  
Suite 300  
Houston, Texas 77032

Attention: Ms. Jill Hegemier

Re: Application to Surface Commingle  
Sec. 02-25S-29E  
Karlsbad Corral "2" State Well No. 1H (API No. 30-015-33324)  
Karlsbad Corral "2" State Well No. 3H (API No. 30-015-33722)  
Karlsbad Corral "11" State Well No. 1H (API No. 30-015-33983)  
Eddy County, New Mexico

Dear Ms. Hegemier:

We are in receipt of your letter of April 11, 2005. Your letter requests our approval to surface commingle the Northwest Corral Canyon-Delaware pool production from the following wells.

Well Name and Number	Surface Description
Karlsbad Corral "2" State No. 1H	(O) Sec. 2-25S-29E (V-3361-0)
Karlsbad Corral "2" State No. 3H	(P) Sec. 2-25S-29E (V-3361-0)
Karlsbad Corral "11" State No. 1H	(C) Sec. 11-25S-29E (V-3633-2)

It is our understanding that the production from the Karlsbad Corral "11" State Well No. 1H will be metered separately prior to commingling. Production will be stored at a central tank battery located in the SW/4SE/4 of Section 2, Township 25 South, Range 29 East.

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.

Please submit a \$30.00 dollar filing fee.

Please contact our Right-of-Way Division at (505) 827-5729 for a possible right-of-way through the SW/4SE/4 of Section 2-25S-29E.

-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

Southwestern Energy Production Co..

May 23, 2005

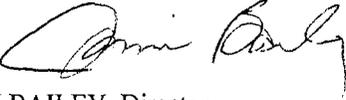
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If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

BY:

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

PL/JB/pm

pc: Reader File  
Cody Morrow  
OCD-Attention: David Catanach,