

DHC-1557



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

April 9, 1997

Mirage Energy, Inc.
7915 N. Llewelyn
Hobbs, New Mexico 88242

Attn: Mr. James D. Cogburn

Re: Downhole Commingling Application
Sims 35 State Well No. 1
Unit Letter B, Section 35-20S-35E
Southeast Lea Wolfcamp and Osudo Morrow West Pools
Lea County, New Mexico

Dear Mr. Cogburn:

We are in receipt of your application of April 4, 1997, requesting our approval to downhole commingle the production from the above subject well from the Southeast Lea Wolfcamp and Osudo Morrow West Pools in Lea County, New Mexico.

It is your understanding that the Southeast Lea Wolfcamp has a current stabilized production rate of 4 BOPD, 0 BWPD, AND 20 MCFGPD. After the Osudo Morrow West formation is open to production, the Morrow production will be determined by subtracting the established Wolfcamp production rate from the total commingled production rate. A test period of one month will be used to obtain a stabilized rate prior to submitting the allocation formula. Please submit a copy of the allocation formula to this office when completed.

Since it appears that 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.

Mirage Energy, Inc.

April 9, 1997

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Please submit your filing fee in the amount of \$30.00.

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

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

RP/JB/cpm

Enclosure

cc: Reader File

OCD--Attention: David Catanach, Ben Stone