



COMMERCIAL RESOURCES
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SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
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ROYALTY
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State of New Mexico Commissioner of Public Lands

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(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

March 10, 1999

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

Attn: Mr. Andrew J. Schwandt

Re: Downhole Commingling Application
Request for Exception to Rule 303-A
E. Mitchusson '4' State Well No. 1
Unit Letter K, Section 4-19S-28E
Wolfcamp and Upper Penn Pools
Eddy County, New Mexico

Dear Mr. Schwandt:

This office is in receipt of your application of February 3, 1999, requesting our approval to downhole commingle the production from the above subject well from the Wolfcamp and Upper Penn Pools in Eddy County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

| <u>POOL</u> | <u>ALLOCATION</u> | |
|-------------|-------------------|--------------|
| | <u>Oil %</u> | <u>Gas %</u> |
| Wolfcamp | 23 % | 23 % |
| Upper Penn | 77 % | 77 % |
| | ----- | ----- |
| | 100 | 100 |

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.

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.


"WE WORK FOR EDUCATION"

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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,

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
xc: Reader File

(OCD--Santa Fe--Attention: David Catanach, Ben Stone