

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-5765

Fax (505) 827-5766



COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

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

August 24, 1999

Mewbourne Oil Company
P.O. Box 7698
Tyler, Texas 75711

Attn: Mr. Ken Calvert

Re: Downhole Commingling Application
Avalon "31" State Well No. 1
Unit Letter H, Section 31-21S-26E
Hackberry Hills Canyon and Hackberry Hills Atoka Pools
Eddy County, New Mexico

Dear Mr. Calvert:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on August 20, 1999. Your application requests our approval to downhole commingle the Hackberry Hills Canyon and Hackberry Hills Atoka production within the wellbore of the Avalon "31" State Well No. 1 located in Unit Letter H, Section 31-21S-26E, 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>
Hackberry Hills Canyon	100%	52%
Hackberry Hills Atoka	0%	48%
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	100%	100%

Since it appears that 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 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.

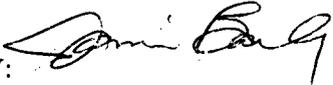
Mewbourne Oil Company
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Also, please submit a copy of the Oil Conservation Division's Order approving this application.

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
xc: Reader File

OCD--Attention: David Catanach, Ben Stone