

COMMISSIONER'S OFFICE

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9/20/99

COMMERCIAL RESOURCES

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Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744

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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.

September 9, 1999

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

Attn: Mr. Ken M. Calvert

Re: Downhole Commingling Application
Chalk Bluff 36 State Well No. 1
Unit Letter M, Section 36-17S-27E
Atoka-Wildcat and Illinois Camp Morrow/North 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 31, 1999. Your application requests our approval to downhole commingle the Atoka-Wildcat and Illinois Camp Morrow/North production within the wellbore of the Chalk Bluff 36 State Well No. 1, Unit Letter M, located in Section 36-17S-27E, 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>
Atoka-Wildcat	100%	73%
Illinois Camp Morrow/North	0%	27%
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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 a communitization agreement for the Atoka Formation when this zone is ready to produce.

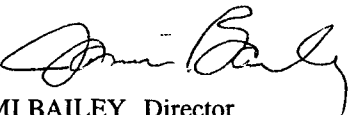
Also, please submit your filing fee in the amount of \$30.00 and a copy of the Oil Conservation Division's Order approving this application.

Mewbourne Oil Company
September 9, 1999
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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--Attention: -David Catanach, Ben Stone