

DHC-2492



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

October 5, 1999

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, Oklahoma 74121-1468

Attn: Ms. Charlotte Van Valkenburg

Re: Downhole Commingling Application
(Bell Lake Unit Well No. 12)
Unit Letter J, Section 31-23S-34E
Cherry Canyon and Bone Springs Pools
Lea County, New Mexico

Dear Ms. Valkenburg:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on September 30, 1999. Your application requests our approval to downhole commingle the Cherry Canyon and Bone Springs production within the wellbore of the Bell Lake Unit Well No. 12 located in Unit Letter J, Section 31-23S-34E, Lea 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> |
| Cherry Canyon | 20% | 30% |
| Bone Springs | 80% | 70% |
| | ----- | ----- |
| | 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.

"WE WORK FOR EDUCATION"

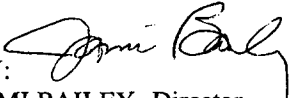
Kaiser-Francis Oil Company
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Also, please submit a copy of the Oil Conservation Division's Order approving this application.

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