

COMMISSIONER'S OFFICE

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DHC-2744

COMMERCIAL RESOURCES

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ROYALTY MANAGEMENT

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SURFACE RESOURCES

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

May 25, 2000

Pogo Producing Company
P.O. Box 10340
Midland, Texas 79702-7340

Attn: Mr. Terry Gant

Re: Downhole Commingling Application
Shell State Well No. 3
W/2, Section 36-22S-32E
Southeast Red Tank Prospect
State Lease V-2512
Red Tank; Delaware West and Red Tank; Bone Spring Pools
Lea County, New Mexico

This office is in receipt of your application of April 24, 2000, requesting our approval to downhole commingle the production from the above subject well from the Red Tank; Delaware West and Red Tank; Bone Spring Pools in 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> |
| Red Tank; Delaware West | 62 % | 48 % |
| Red Tank; Bone Spring | 38 % | 52 % |
| | ----- | ----- |
| | 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 approval order.

Pogo Producing Company
May 25, 2000
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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

for

RP/JB/cpm
Enclosure
xc: Reader File

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