

| | | | | |
|------------------------|------------------------|--------------------|------------------|-----------------|
| DATE IN <u>5/15/00</u> | SUSPENSE <u>6/5/00</u> | ENGINEER <u>DC</u> | LOGGED <u>KV</u> | TYPE <u>DHC</u> |
|------------------------|------------------------|--------------------|------------------|-----------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

2754

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling
☐ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Cathleen Colby
Print or Type Name

Cathleen Colby
Signature

Land Manager
Title

5-9-00
Date



RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
FAX (303) 830-8009

May 9, 2000

Ms. Lori Wrotenberry
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87504

RE: Downhole Commingle Application
WF State 2-1
1750' FNL, 790' FEL 2-30N-14W
San Juan County, NM
Basin Fruitland Coal and Harper Hill FR
Sand PC Ext.

Dear Ms. Wrotenberry:

This is a request for administrative approval for downhole commingling of the production from the captioned formations. A previous application may have been submitted to your office in April or May, 1999, but that particular location was never drilled. This application reflects the new location.

We have attached for your review, an acreage plat outlining the dedicated acreage and a proposed allocation formula with a short discussion of the history of the well.

The New Mexico State Land Office is being notified of this application by certified return receipt mail. A copy of this letter is also enclosed.

Thank you for your consideration and approval of this application. If you have any questions or concerns please do not hesitate to contact the undersigned.

Sincerely,

Chris O'Shea
Lease Analyst

cos
enclosures

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
Revised August 1999
APPROVAL PROCESS:
☒ Administrative ☐ Hearing
EXISTING WELLBORE
☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Richardson Operating Company 1700 Lincoln, Suite 1700, Denver, CO 80203
Operator Address
WF State 2 #1 H 2-30N-14W San Juan
Lease Well No. Unit Ltr. - Sec - Twp - Rge County
Spacing Unit Lease Types: (check 1 or more)
OGRID NO. 019219 Property Code 24582 API NO. 30-045-29918 Federal ☐ State ☒ (and/or) Fee ☐

| The following facts are submitted in support of downhole commingling: | Upper Zone | Intermediate Zone | Lower Zone |
|--|---|-------------------|--------------------------------------|
| 1. Pool Name and Pool Code | Basin Fruitland Coal 71629 | | Harper Hill FR Sand-PC Ext. 78160 |
| 2. Top and Bottom of Pay Section (Perforations) | 1610' - 1618' | | 1624' - 1632' |
| 3. Type of production (Oil or Gas) | Gas | | Gas |
| 4. Method of Production (Flowing or Artificial Lift) | to be determined | | to be determined |
| 5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original | (Current) a. (Original) b. 200 (est.) | a. b. | a. b. 200 (est.) |
| 6. Oil Gravity (°API) or Gas BTU Content | 1000 | | 1000 |
| 7. Producing or Shut-in? | Shut-in waiting on pipeline | | Shut-in waiting on pipeline |
| Production Marginal? (yes or no) | yes | | yes |
| * If Shut-in, give date and oil/gas/ water rates of last production Note: For new zones with no production history applicant shall be required to attach production estimates and supporting data | Date: Rates: | Date: Rates: | Date: Rates: |
| * If Producing, give date and oil/gas/ water rates of recent test (within 60 days) | Date: Rates: | Date: Rates: | Date: Rates: |
| 8. Fixed Percentage Allocation Formula -% for each zone | Oil: Gas: % % | Oil: Gas: % % | Oil: Gas: % % |

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☐ Yes ☒ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No
11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No
13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attached explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) _____

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Barry Gager TITLE Consulting Geologist DATE May 9, 2000
TYPE OR PRINT NAME Barry Gager TELEPHONE NO. 303-830-8000

Richardson Operating Company
WF State 2-1

FRUITLAND COAL FORMATION:

Township 30 North, Range 14 West

Section 2: N/2

Containing 320.00 acres, more or less

San Juan County, NM

Working Interest:

Richardson Production Company

Royalty Interest:

State of New Mexico VA-1916-1

State of New Mexico B-11124-44

State of New Mexico B-11124-37

State of New Mexico E-3149-1

State of New Mexico E-1545

Overriding Royalty Interest:

Evko Development Company

Credo Petroleum Corporation

R.K. O'Connell

C.S. O'Connell

Bill D. Farleigh

Don E. Lawson & Marjorie C. Lawson, Trustees of the Lawson Trust

Robert L. Hamilton

Myrtle Jo Orzalli

PICTURED CLIFFS FORMATION:

Township 30 North, Range 14 West

Section 2: NE/4

Containing 160.00 acres, more or less

San Juan County, NM

Working Interest:

Richardson Production Company

Royalty Interest:

State of New Mexico VA-1916-1

State of New Mexico B-11124-44

State of New Mexico E-3149-1

State of New Mexico E-1545

Overriding Royalty Interest:

Credo Petroleum Corporation

R.K. O'Connell

C.S. O'Connell

Bill D. Farleigh

Don E. Lawson & Marjorie C. Lawson, Trustees of the Lawson Trust

Robert L. Hamilton

Myrtle Jo Orzalli

Richardson Operating Company
WF State 2-1
Commingling Application

There are currently no Fruitland Coal or Pictured Cliffs completions in the nine-section area surrounding this well. The closest Fruitland Coal offset is Richardson's Ms. Nona #2 (located approximately 2.0 miles SSW in Unit A, Section 15, Township 30 North, Range 14 West), which was approved for downhole commingling of the Fruitland Coal and Pictured Cliffs formations in Administrative Order DHC-2367.

Based on recent Richardson Operating Company wells in this township, it is anticipated that both zones will have similar bottom hole pressures of approximately 200 psi. Both zones produce some water and no liquid hydrocarbons. Neither zone is fluid sensitive and fluids from the two zones are compatible.

Since neither zone has enough data to prepare a reliable production forecast, or predict the ultimate reserves, Richardson Operating Company proposes to allocate the production based on a ratio of the initial production rates. The Pictured Cliffs zone will be completed first and tested. The test results will establish the baseline for the Pictured Cliffs production. The Fruitland Coal formation will then be completed separately, but it will have to be produced with the Pictured Cliffs. The Fruitland Coal production will be the total measured production minus the Pictured Cliffs baseline rate.

Assuming a 7% decline rate from the Pictured Cliffs, the allocation formula is as follows:

Pictured Cliffs Production = Pictured Cliffs base rate $\times e^{(-Dt)}$, where $D = 7\%/yr$ and t = time in years since first production.

Fruitland Coal Production = Total Production – Pictured Cliffs production.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|-----------------|--|---|--|-------------|----------------------|
| 1 API Number | | 1 Pool Code | | 1 Pool Name | |
| 4 Property Code | | 4 Property Name WF State | | | 4 Well Number 2-1 |
| 1 OGRID No. | | 1 Operator Name RICHARDSON OPERATING COMPANY | | | 1 Elevation 5935' |

10 Surface Location

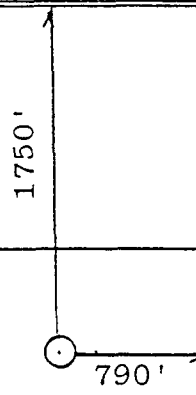
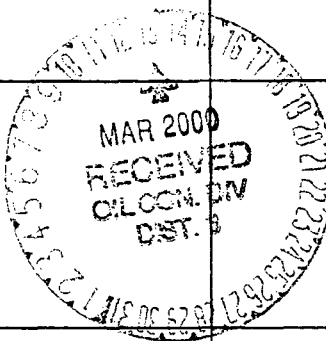
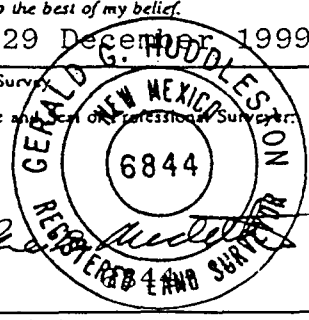
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| H | 2 | 30 N | 14 W | | 1750 | North | 790 | East | San Juan |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|--------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|--------------------|--------------------|-----------------------|--------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | | | | |
|--|---|--------------------------|--|---|--|--|
| 16 |  | | | | 17 OPERATOR CERTIFICATION | |
| | | | | | I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief | |
| | | | | | Signature _____ | |
| | | | | | Printed Name _____ | |
| Title _____ | | Date _____ | | | | |
|  | | | | 18 SURVEYOR CERTIFICATION | | |
| | | | | I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. | | |
| | | | | 29 December 1999 | | |
| | | | | Date of Survey _____ | | |
| Signature and Seal of Professional Surveyor:  | | Certificate Number _____ | | | | |

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back

Submit to appropriate District Office
State Lease-4 Copies
Fee Lease-3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------------|--|--|
| ¹ API Number | ² Pool Code 71629 | ³ Pool Name Basin Fruitland Coal |
| ⁴ Property Code | ⁵ Property Name WF State 2 | ⁶ Well No. #1 |
| ⁷ OGRID No. 019219 | ⁸ Operator Name Richardson Operating Company | ⁹ Elevation 5935' |

¹⁰ Surface Location

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West line | County |
| H | 2 | 30N | 14W | | 1750 | North | 790 | East | San Juan |


¹¹ Proposed Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West line | County |
| | | | | | | | | | |

| | | | |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
| | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | |
|--------------------------|------------|------------|---|
| ¹⁶ VA 1916 | E 1545 | B 11124-44 | ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Cathleen Colby</i> Signature Cathleen Colby Printed Name Land Manager Title 2/22/00 Date |
| E 3149-1 | B 11124-37 | VA 1916 | |
| | | | ¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number |
| | | | |



District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back

Submit to appropriate District Office
State Lease-4 Copies
Fee Lease-3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|----------------------------------|--|---------------------------------|---|
| ¹ API Number | | ² Pool Code 96863 | ³ Pool Name Wildcat Pictured Cliffs |
| ⁴ Property Code | ⁵ Property Name WF State 2 | | ⁶ Well No. #1 |
| ⁷ OGRID No. 019219 | ⁸ Operator Name Richardson Operating Company | | ⁹ Elevation 5935' |

¹⁰ Surface Location

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West line | County |
| H | 2 | 30N | 14W | | 1750 | North | 790 | East | San Juan |

¹¹ Proposed Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West line | County |
| | | | | | | | | | |

| | | | |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
| | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | | |
|---------------|--|---------|------------|--|
| ¹⁶ | | E 1545 | B 11124-44 | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> <i>Cathleen Colby</i> Signature Cathleen Colby Printed Name Land Manager Title 2/22/00 Date |
| | | VA 1916 | E 3149-1 | |
| | | | | ¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number |
| | | | | |

MAR 2000
RECEIVED
OIL CON. DIV
DIST. 3

Richardson Operating Company
WF State 2-1
1750' FNL, 790' FEL-Section 2-T30N-R14W
San Juan County, New Mexico
Basin Fruitland Coal and Harper Hill FR Sand PC Ext.

The following royalty and overriding royalty owners have received written notice of the proposed downhole commingling application:

New Mexico State Land Office
PO Box 1148
Santa Fe, NM 87504-1148

Mr. Robert L. Hamilton
8 Blacklog Road
Kentfield, CA 94904

Mrs. Myrtle Jo. Orzalli
2790 Bruce Street
Matlacha, FL 33993

Evko Development Company
PO Box 245
Sausalito, CA 94966

Credo Petroleum Corporation
1801 Broadway, Suite 900
Denver, CO 80202

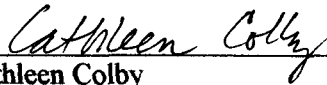
R.K. O'Connell
PO Box 2003
Casper, WY 82602

C.S. O'Connell
PO Box 371
Casper, WY 82602

Bill D. Farleigh
PO Box 3215
Casper, WY 82602-3215

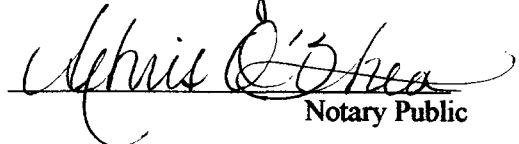
Don E. & Marjorie C. Lawson
Trustees of Don E. & Marjorie Lawson Living Trust
3350 Arroyo Place
Casper, WY 82604

I certify that a copy of the Application for Downhole Commingling has been mailed to the above interest owners.


Cathleen Colby

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The following instrument was acknowledged before me this 10th day of May, 2000 by Cathleen Colby.


Notary Public

My Commission Expires:

8-24-02



RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
FAX (303) 830-8009
May 9, 2000

New Mexico State Land Office
PO Box 1148
Santa Fe, NM 87504

Attention: Land Department

RE: Downhole Commingle Application
WF State 2-1
1750' FNL, 790' FEL 2-30N-14W
San Juan County, NM
Basin Fruitland Coal and Harper Hill FR Sand PC
Ext.

Gentlemen:

Enclosed you will find a copy of the above referenced application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As a royalty owner you are being notified of this application pursuant to NMOCD rules.

An application dated April 30, 1999 for this well was previously approved by your office on April 20, 2000 when the well location was Unit A (800'FNL and 915'FEL). However, this location was never drilled. By Sundry Notice dated March 7, 2000 and approved March 13, 2000, the location was moved to Unit H (1750'FNL and 790'FEL). Peter Martinez of your office recommended we provide you with updated paperwork, but that an additional filing fee would not be required.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico 87504 within 20 days from receipt of this notice. If you have no objection to the proposal, please provide concurrent approval for the new location.

Thank you for your consideration in this matter, and if you have any questions or concerns, please do not hesitate to contact the undersigned.

Sincerely,

Chris O'Shea
Lease Analyst

cos
enclosure

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



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

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

April 20, 2000

Richardson Operating Company
1700 Lincoln Street
Suite 1700
Denver, Colorado 80203

Attn: Mr. Paul C. Thompson

Re: Downhole Commingling Application
WF State Well No. 2-1
Unit Letter A, Section 2-30N-14W
Basin Fruitland Coal and Undesignated Harper Hill Fruitland Sand Pictured Cliffs Extension Pools
San Juan County, New Mexico

Dear Mr. Thompson:

Your application to downhole commingle the Basin Fruitland Coal and Undesignated Harper Hill Fruitland Sand Pictured Cliffs Extension production from within the wellbore of the above-captioned well has been received.

Since it appears that all 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 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.

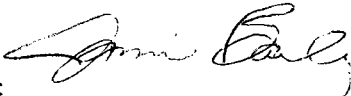
Your \$30.00 dollar filing fee has been received.

Also, please submit the appropriate approval from the New Mexico Oil Conservation Division.

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

"WE WORK FOR EDUCATION"
Oil, Gas & Minerals Division

310 Old Santa Fe Trail, P. O. Box 1148 Santa Fe, New Mexico 87504-1148