

COMMISSIONER'S OFFICE

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GENERAL COUNSEL

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DHC-2792

COMMERCIAL RESOURCES

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MINERAL RESOURCES

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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.**

October 16, 2000

Aspen Oil Inc.
P.O. Box 2674
Hobbs, New Mexico 88241

Attn: Mr. Erick W. Nelson

Re: Downhole Commingling Application
State BX Com Well No. 1
Unit Letter O, Section 35-17S-28E
Empire, Atoka (Gas) and Empire, Morrow, South (Gas) Pools
Eddy County, New Mexico

Dear Mr. Nelson:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on September 27, 2000. Your application requests our approval to downhole commingle the Empire, Atoka (Gas) and Empire, Morrow, South (Gas) production within the wellbore of the State BX Com Well No. 1 located in Unit Letter O, Section 35-17S-28E, 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>
Empire, Atoka (Gas)	50%	19%
Empire, Morrow, South (Gas)	50%	81%
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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.

Your \$30.00 dollar filing fee has been received.

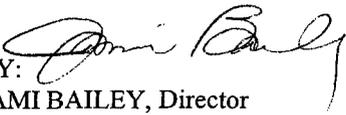
Also, please submit the appropriate approval from the New Mexico Oil Conservation Division.

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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~~, Marc Ashley