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DHC-2854

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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.

October 16, 2000

Bass Enterprises Production Company

P.O. Box 2760

Midland, Texas 79702-2760

Attn: Ms. Tami Wilber

Re: Downhole Commingling Application
James Ranch Unit Well No. 79
Unit Letter Lot 1, Section 6-23S-31E
Los Medanos (Bone Spring) and Los Medanos (Wolfcamp) Pools
Eddy County, New Mexico

Dear Ms. Wilber:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on September 19, 2000. Your application requests our approval to downhole commingle the Los Medanos (Bone Spring) and Los Medanos (Wolfcamp) production within the wellbore of the James Ranch Unit Well No. 79 located in Lot 1, Section 6-23S-31E, 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>
Los Medanos (Bone Spring)	60%	60%
Los Medanos (Wolfcamp)	40%	40%
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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.

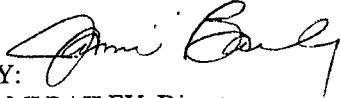
Also, please submit the appropriate approval from the New Mexico Oil Conservation Division.

Bass Enterprises Production Company
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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