

DHC-2929

COMMISSIONER'S OFFICE  
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PUBLIC AFFAIRS  
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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.**

June 20, 2001

Paladin Energy Corporation  
10290 Monroe Drive  
Suite 3001  
Dallas, Texas 75229

Attn: Mr. David Plaisance

Re: Downhole Commingling Application  
State EC C Well No. 2  
Unit Letter B, Section 11-12S-32E  
Caprock Wolfcamp, East and Caprock Penn, East Pools  
Lea County, New Mexico

Dear Mr. Plaisance:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on June 12, 2001. Your application requests our approval to downhole commingle the Caprock Wolfcamp, East and Caprock Penn, East production within the wellbore of the State EC C Well No. 2 located in Unit Letter B, Section 11-12S-32E, 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>
Caprock Wolfcamp, East	50%	25%
Caprock Penn, East	50%	75%
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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.

Paladin Energy Corporation  
June 20, 2001  
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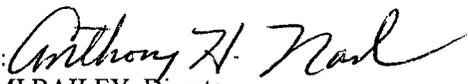
Please submit your filing fee in the amount of \$30.00.

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:   
For JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure  
xc: Reader File

~~OCD--Attention: David Catanach~~