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PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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OIL CONSERVATION
DIVISION
COMMISSIONER'S OFFICE
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February 13, 2003

Energen Resources, Corporation
3300 N. "A" St, BLDG 4, Suite 100
Midland, Texas 79705

Attn: Ms. Sharon Hindman

Re: Surface Commingling Application
Amerada State Well No. 1 SW/4SW/4 Sec. 4-15S-33E (CS) E-819-1
State "T" Battery, NW/4SE/4 Sec. 5-15S-33E (NMSU) V-6290
Saunders, San Andres Pool (96196)
Lea County, New Mexico

Dear Ms. Hindman:

We are in receipt of your application dated January 23, 2003. Your application requests our approval to surface commingle the production from the Amerada State Well No. 1 with the production from the State "T" Battery (Saunders, San Andres Pool).

Since the two wells have different State Beneficiaries, it is our understanding that the gas production will be metered prior to commingling and the oil produced will be tested monthly and properly allocated back to the subject wells.

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 is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a \$30.00 dollar filing.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
PL/JB/pm
pc: Reader File, OCD-Attention: David Catanach, Ben Stone,