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PATRICK H. LYONS
COMMISSIONER



State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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January 27, 2009

Encore Operating, L.P.
777 Main Street
Suite 1400
Fort Worth, Texas 76102

Attn: Ms. Ann Burdette Wiley

Re: Downhole Commingling Application
Encore "M" State Well No. 001 (API # 30-025-38961)
Unit Letter A, Section 30-22S-37E
Blinebry Oil and Gas and Drinkard Pools
Lea County, New Mexico

Dear Ms. Wiley:

Thank you for your application to downhole commingle the Blinebry Oil and Gas and Drinkard pools from the referenced well in Lea County, New Mexico.

Since it appears that all the New Mexico Oil Conservation's (OCD) 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 application is approved. Any deviation from the substance of your application will be cause for rescinding our approval, and approval is subject to like approval by the OCD.

Please submit a filing fee in the amount of \$30.00.

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
PL/JB/jm
Enclosure

xc: Reader File

OCD—Ed Martin,

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University