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**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

April 24, 2000

ARCO Permian
P. O. Box 1610
Midland, Texas 79702-1610

Attention: Ms. Elizabeth A. Casbeer

Re: Application to Surface Commingle
Sweet Thing State 36 Lease
Little Box Canyon (Morrow Gas) and Indian Loafer Draw (Upper Penn) Pools
Section 36-20.5S-21E (VA-802)
Eddy County, New Mexico

Dear Ms. Casbeer:

We are in receipt of your letter of March 24, 2000. Your letter requests our approval to surface commingle the oil production from the currently producing Sweet Thing State 36 Well No. 1 and the currently being drilled Sweet Thing State 36 Well No. 2. The No. 1 well is producing from the Little Box Canyon (Morrow Gas) and the No. 2 well will be produced from the Indian Loafer Draw (Upper Penn).

It is our understanding that the oil from the Sweet Thing State 36 # 2 will be metered before commingling in storage tanks on lease.

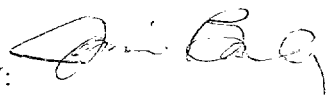
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 dollar filing fee has been received.

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/pm

pc: Reader File
OCD-Attention: David Catanach, Ben Stone,