

**COMMISSIONER'S OFFICE**

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**COMMERCIAL RESOURCES**  
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**ROYALTY MANAGEMENT**

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**SURFACE RESOURCES**

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Fax (505) 827-5711

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

May 16, 2002

Mack Energy Corporation  
P. O. Box 960  
Artesia, New Mexico 88211-0960

Attention: Ms. Crissa D. Carter

Re: Surface Commingling and  
Off Lease Storage and Measurement  
Section 19, T17S, R29E  
Eddy County, New Mexico

Dear Ms. Carter:

We are in receipt of your letter of March 6, 2002 requesting our approval for surface commingling, off lease storage and gas measurement of the "Empire Yeso" production from the following leases:

State S-19, SW/4SW/4, Sec. 19-17S-29E (B-7677-2)  
State S-19, E/2SW/4, Sec. 19-17S-29E (E-742)  
State S-19, SE/4, Sec. 19-17S-29E (E-4201-2)

It is our understanding that a central battery will be located in the NW/4SE/4 of Section 19, Township 17 South, Range 29 East. Proper allocation for production will be measured at the battery and well tests will be conducted for proper allocation of production.

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 contact Ms. Debbie Padilla at 505/827-5729 regarding a possible right-of-way through the E/2SW/4, W/2SE/4 of Section 19-17S-29E.

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