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

DHC-3020

COMMERCIAL RESOURCES

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SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

June 14, 2002

Phillips Petroleum Company
5525 Hwy 64
Farmington, New Mexico 87401

Attn: Mr. Brad Peterson

Re: Downhole Commingling Application
San Juan 29-5 Unit Well No. 21
Unit Letter G, Section 8-29N-05W
Basin Fruitland Coal and Blanco Mesaverde Pools
Rio Arriba County, New Mexico

Dear Mr. Peterson:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on June 14, 2002. Your application requests our approval to downhole commingle the Basin Fruitland Coal and Blanco Mesaverde production within the wellbore of the San Juan 29-5 Unit Well No. 21 located in Unit Letter G, Section 8-29N-05W, Rio Arriba County, New Mexico.

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 and the Bureau of Land Management.

Please submit your \$30.00 dollar filing fee.

Also, please submit the appropriate approvals from the New Mexico Oil Conservation Division and the Bureau of Land Management.

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/cpm

Enclosure

xc: Reader File

OCD--Attention: David Catanach

BLM