



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
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ROYALTY
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State of New Mexico
Commissioner of Public Lands

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LEGAL
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PLANNING
(505)-827-5752

June 9, 1998

Taurus Exploration U.S.A., Inc.
2198 Bloomfield Highway
Farmington, New Mexico 87401

Attn: Mr. Richard Corcoran

Re: Application for Downhole Commingling
San Juan 32-5 Unit Well No. 11M
Blanco Mesaverde and Basin Dakota Pools
Unit Letter O, Section 23-32N-06W
Rio Arriba County, New Mexico

Dear Mr. Corcoran:

We are in receipt of your May 26, 1998, downhole commingling application for the above-captioned well. Your application requests our approval to downhole commingle the Blanco Mesaverde and Basin Dakota production from within the wellbore of the San Juan 32-5 Unit Well No. 11M, located in Unit Letter O, Section 23-32N-06W.

Since it appears that all the New Mexico Oil Conservation Division 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 is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is contingent upon like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Please submit a \$30.00 filing fee.

Also, please submit a copy of the Oil Conservation Division order approving this application.

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: *For Anthony H. Neal*
JAMI BAILEY
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
Enclosure
pc: Reader File

OCD

BLM

"WE WORK FOR EDUCATION"