



7/2/98

COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands

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ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

June 16, 1998

Phillips Petroleum Company
5525 HWY. 64 NBU 3004
Farmington, New Mexico 87401

Attn: Mr. Mark W. Stodola

Re: Application for Downhole Commingling
San Juan 30-5 Unit, Well No. 22A
Unit Letter P, Section 17-30N-05W
San Juan 30-5 Unit, Well No. 76M
Unit Letter F, Section 15-30N-05W
San Juan 29-5 Unit, Well No. 65M
Unit Letter E, Section 28-29N-05W
Blanco Mesaverde and Basin Dakota Pools
Rio Arriba County, New Mexico

Dear Mr. Stodola:

Your applications to downhole commingle the Blanco Mesaverde and Basin Dakota production from within the wellbore of the above-captioned wells was received on June 11, 1998.

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 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 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 a copy of your approved Oil Conservation Division order.

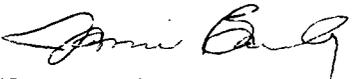
"WE WORK FOR EDUCATION"

Phillips Petroleum Corporation
June 16, 1998
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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
pc: Reader File

OCD--Attention: David Catanach, Ben Stone