COMMISSIONER'S OFFICE
Phone (505) 827-5760
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ROYALTY MANAGEMENT
Phone (505) 827-5772
Fax   (505) 827-4739

SURFACE RESOURCES
Phone (505) 827-5793
Fax   (505) 827-5711

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

August 24, 1999

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

Attn: Mr. Mark Stodola

Re: Downhole Commingling Application
        San Juan 29-5 Unit Well No. 32
        Unit Letter N, Section 29-29N-05W
        Blanco Mesaverde and Basin Dakota Pools
        Rio Arriba County, New Mexico

Dear Mr. Stodola:

Your application to downhole commingle the Basin Dakota and Blanco Mesaverde production from within the wellbore of the above-captioned well was received on August 20, 1999.

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.
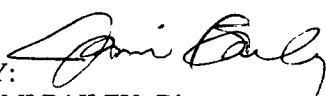
Please submit your $30.00 dollar filing fee.

Also, please submit 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, Ben Stone   BLM

"WE WORK FOR EDUCATION"
310 Old Santa Fe Trail, P. O. Box 1148 Santa Fe, New Mexico 87504-1148