

COMMISSIONER'S OFFICE

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

DHC-2915

COMMERCIAL RESOURCES

Phone (505) 827-5724
Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744
Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772
Fax (505) 827-4739

SURFACE RESOURCES

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

May 25, 2001

Phillips Petroleum Company
5525 Hwy 64
Farmington, New Mexico 87401

Attn: Mr. Eric Dahlgren

Re: Downhole Commingling Application
San Juan 32-8 Unit Well No. 45A
Unit Letter F, Section 14-32N-08W
Albino Pictured Cliffs and Blanco Mesaverde Pools
San Juan County, New Mexico

Dear Mr. Dahlgren:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on May 11, 2001. Your application requests our approval to downhole commingle the Albino Pictured Cliffs and Blanco Mesaverde production within the wellbore of the San Juan 32-8 Unit Well No. 45A located in Unit Letter F, Section 14-32N-08W, San Juan County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

| <u>POOL</u> | <u>ALLOCATION</u> | |
|------------------------|-------------------|--------------|
| | <u>Oil %</u> | <u>Gas %</u> |
| Albino Pictured Cliffs | 0% | 69% |
| Blanco Mesaverde | 0% | 31% |
| | ----- | ----- |
| | 0% | 100% |

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.

"WE WORK FOR EDUCATION"

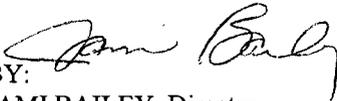
310 Old Santa Fe Trail, P. O. Box 1148 Santa Fe, New Mexico 87504-1148

Phillips Petroleum Company
Page 2
May 25, 2001

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~~