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

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

June 8, 2001

Phillips Petroleum Company  
4001 Penbrook Street  
Odessa, Texas 79762

Attn: Mr. L. M. Sanders

Re: Downhole Commingling Application  
West Maljamar -7-Well No. 1  
Unit Letter J, Section 7-17S-33E  
Wolfcamp and Atoka Pools  
Lea County, New Mexico

Dear Mr. Sanders:

Your application to downhole commingle the Wolfcamp and Atoka production from within the wellbore of the above-captioned well was received on June 7, 2001.

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 subject to Phillips Petroleum Company submitting the appropriate Atoka/Wolfcamp communitization agreement for the S/2 of Section 7-17S-33E.

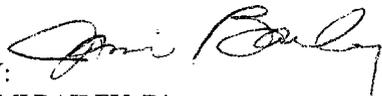
Please submit your \$30.00 dollar filing fee.

Also, please submit the appropriate approval from the New Mexico Oil Conservation Division.

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

"WE WORK FOR EDUCATION"

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