

COMMISSIONER'S OFFICE

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PUBLIC AFFAIRS

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

152-117
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

July 27, 2000

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762

Attn: Mr. L. M. Sanders

Re: Application for Surface Commingling
Santa Fe Lease Well No. 97
State Lease B-2073-0
Santa Fe Lease Battery No. 133
State Lease B-1861-0
Vacuum Yates and Vacuum Drinkard Pools
Lea County, New Mexico

Dear Mr. Sanders:

We have received your letter of July 6, 2000, wherein you requested our approval to surface commingle the Vacuum Yates production from the Santa Fe Lease Well No. 97 into the Santa Fe Lease Battery No. 133 (Vacuum-Drinkard Pool).

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a copy of the New Mexico Oil Conservation Division's approval.

Your \$30.00 filing fee has been received.

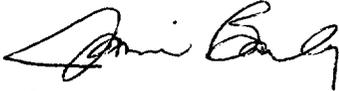
Please notify Ms. Debbie Padilla of our Right-of-Way Section at 827-5729 regarding a right-of-way through a part of Sections 31, 32, and 33-12S-35E. Our approval will be contingent upon Phillips Petroleum Company securing the appropriate right-of-way through Sections 31, 32, and 33.

Phillips Petroleum Company
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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
xc: Reader File

~~OCD - Mr. David Cunniff~~, Mr. Ben Stone

Debbie Padilla