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

COMMERCIAL RESOURCES

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ROYALTY MANAGEMENT

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SURFACE RESOURCES

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Fax (505) 827-5711

November 7, 2002

30-039-22305 ✓

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

Attn: Ms. Patsy Clugston

Re: Downhole Commingling Application
San Juan 31-6 Unit Well No. 37
Unit Letter ~~8~~ Section 36-31N-06W
Blanco Mesaverde and Basin Dakota Pools
Rio Arriba County, New Mexico

Dear Ms. Clugston:

Your application to downhole commingle the Blanco Mesaverde and Basin Dakota production from within the wellbore of the above-captioned well was received on October 23, 2002.

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 filing fee in the amount of \$30.00.

Also, please submit the appropriate approval 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

BLM



"WE WORK FOR EDUCATION"

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