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**VIA FIRST CLASS MAIL AND EMAIL**

July 31, 2009

RCVD AUG 3 '09

Richard Corcoran, Staff Landman  
ConocoPhillips Company  
3401 E. 30<sup>th</sup> Street  
Farmington, NM 87402

30-045-34974  
"D"-23-32-07

OIL CONS. DIV.


DIST. 3

Re: *Conoco Phillips application to NM Oil Conservation Division for downhole commingling of production from the Mesa Verde and Dakota Formations in San Juan 32-7 Unit Com 39M well*

Dear Mr. Corcoran:

Due to their concern about the potential effect of downhole commingling on their overriding royalty from oil and gas production from the Mesa Verde Formation in the San Juan 32-7 Unit, my clients, Ronald Tobias and Patricia Vasquez, have instructed me to request that ConocoPhillips either complete the San Juan 32-7 Unit Com 39M well as a dual completion in the Mesa Verde and Dakota Formations, rather than downhole commingle this production. An acceptable alternative to a dual completion would be to conduct an additional allocation ratio test 90 days after the initiation of production and at each workover of the well thereafter, or at intervals of no more than five years. If this is acceptable, I will draft a short agreement to that effect.

For the Firm,

  
Thomas E. Luebben

c: Charlie Perrin, District 3 Supervisor  
New Mexico Oil Conservation Division  
Steve Hayden, District Geologist  
New Mexico Oil Conservation Division  
Ronald Tobias  
Patricia Vasquez