



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

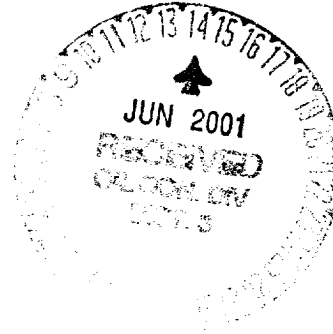
GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-2915

Phillips Petroleum Company
5525 Highway 64
Farmington, New Mexico 87401

Attention: Mr. Eric Dahlgren



*San Juan 32-8 Unit No. 45A
API No. 30-045-30301
Unit F, Section 14, Township 32 North, Range 8 West, NMPM,
San Juan County, New Mexico
Albino-Pictured Cliffs (Gas – 70120) and
Blanco-Mesaverde (Prorated Gas – 72319) Gas Pools*

Dear Mr. Dahlgren:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

The applicant shall consult with the supervisor of the Aztec District Office of the Division upon completion and testing of the well in order to determine a fixed allocation of production from each of the commingled zones. Upon approval by the Division's Aztec District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

Administrative Order DHC-2915

Phillips Petroleum Company

June 6, 2001

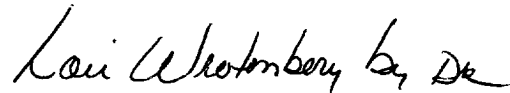
Page 2

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 6th day of June, 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

SEAL

LW/DRC

cc: Oil Conservation Division - Aztec /
Bureau of Land Management-Farmington