(505) 827-5760 FAX (505) 827-5766

DHC-1348

Aturta of Mater Allaut

State of New Mexico Commissioner of Public Lands 310 OLD SANTA FE TRAIL P.O. BOX 1148 SANTA FE, NEW MEXICO 87504-1148

August 13, 1996

Conoco Inc. 10 Desta Drive Suite 100W Midland, Texas 79705

RAY POWELL, M.S., D.V.M.

COMMISSIONER

Attn: Mr. Jerry W. Hoover

Re: Application for Downhole Commingling Communitization Agreement Nye Com Well No. 1E Unit Letter E, Section 32-29N-11W San Juan County, New Mexico

Dear Mr. Hoover:

Your application to downhole commingle the production from within the wellbore of the abovecaptioned well was received on August 7, 1996. Your application requests our approval to downhole commingle the Otero Chacra and communitized Basin Dakota production within the wellbore of the Nye Com Well No. 1E, located in Unit Letter E, Section 32-29N-11W.

Since it appears that all the New Mexico Oil Conservation Division 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.

Your \$30.00 dollar filing fee was received.

Conoco Inc. Page 2 August 13, 1996

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: Mix $\Lambda\Lambda$

LARRY KEHOE, Director Oil, Gas and Minerals Division (505) 827-5744

RP/LK/cpm Enclosure cc: Reader File Attention: Mr. Dave Catanach, Mr. Ben Stone Commissioner's File