

DHC-1797



State of New Mexico
Commissioner of Public Lands

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

310 OLD SANTA FE TRAIL P.O. BOX 1148

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

January 30, 1998

SANTA FE, NEW MEXICO 87504-1148

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500

Attn: Ms. Kay Maddox

Re: Application for Downhole Commingling
San Juan 28-7 Unit Well No. 165-E
Unit Letter I, Section 16-27N-07W
Blanco Mesaverde and Basin Dakota Pools
San Juan County, New Mexico

Dear Ms. Maddox:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on January 9, 1998. Your application requests our approval to downhole commingle the Blanco Mesaverde and Basin Dakota production within the wellbore of the San Juan 28-7 Unit Well No. 165-E located in Unit Letter I, Section 16-27N-07W.

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.

Your \$30.00 dollar filing fee has been received.

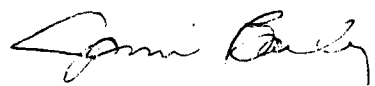
Please submit a copy of the Oil Conservation Division's approval order.

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, Ben Stone