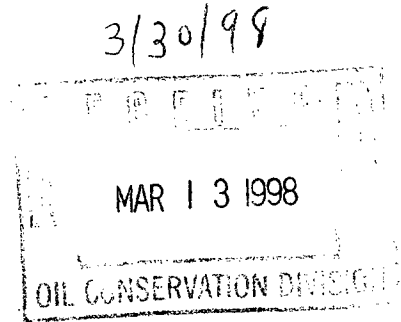




State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

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



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

March 11, 1998

Spirit Energy 76 (UNOCAL)
P.O. Box 3100
Midland, Texas 79702

Attn: Ms. Heather Dahlgren

Re: Downhole Commingling Application
Rincon Unit Well No. 57
Unit Letter A, Section 1-26N-07W
Blanco Mesaverde and Basin Dakota Pools
Rio Arriba County, New Mexico

Dear Ms. Dahlgren:

Your application to downhole commingle the Blanco Mesaverde and Basin Dakota production from within the wellbore of the above-captioned wells was received on March 2, 1998.

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 \$30.00 dollar filing fee.

Also, 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
pc: Reader File

OCD--Attention: David Catanach, Ben Stone