4/2/98

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

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March 19, 1998

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

Attn: Ms. Kay Maddox

Re: Application for Downhole Commingling
Hardy 36 State Well No. 1
Unit Letter K, Section 36-20S-37E
South Cass Strawn and Hardy Simpson-Ellenburger Pools
Lea 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 March 13, 1998. Your application requests our approval to downhole commingle the South Cass Strawn and Hardy Simpson-Ellenburger pool production within the wellbore of the Hardy 36 State Well No. 1, located in Unit Letter K, Section 36-20S-37E.

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.

Please submit your $30.00 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   BLM