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SURFACE RESOURCES
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**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

December 8, 1999

Phillips Petroleum Company
5525 Hwy. 64
Farmington, New Mexico 87401

Attn: Mr. Mark Stodola

Re: Downhole Commingling Allocation Method
San Juan 29-5 Unit Well Nos. 32M, 57M and 67M
Blanco Mesaverde and South Blanco Pictured Cliffs Pools
Rio Arriba County, New Mexico

Dear Mr. Stodola:

This office is in receipt of your letter of November 12, 1999, wherein due to a change of plans, you are requesting to change the allocation method of your previous commingling application regarding the above-captioned wells.

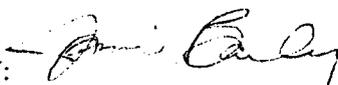
It is our understanding that you will now use the subtraction method between 6 and 12 months and then utilize the ratio method which will give the Mesaverde time to stabilize.

Your request 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.

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

BLM