

DHC-2937

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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.**

June 26, 2001

Phillips Petroleum Company  
5525 Hwy 64  
Farmington, New Mexico 87401

Attn: Mr. Eric Dahlgren

Re: Downhole Commingling Application  
San Juan 32-7 Unit Well No. 10  
Unit Letter N, Section 32-32N-07W  
South Los Pinos Fruitland Sands Pictured Cliffs and Blanco Mesaverde Pools  
San Juan County, New Mexico

Dear Mr. Dahlgren:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on June 25, 2001. Your application requests our approval to downhole commingle the South Los Pinos Fruitland Sands Pictured Cliffs and Blanco Mesaverde production within the wellbore of the San Juan 32-7 Unit Well No. 10 located in Unit Letter Letter N, Section 32-32N-07W, San Juan County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil %</u>	<u>Gas %</u>
South Los Pinos Fruitland Sands Pictured Cliffs	0%	63%
Blanco Mesaverde	0%	37%
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	0%	100%

Since it appears that 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 the production from the above-mentioned well 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 dollar filing fee.

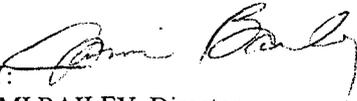
Also, please submit the appropriate approval from the New Mexico Oil Conservation Division.

Phillips Petroleum Company  
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June May 26, 2001

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~~