

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245

Fax (505) 827-5766



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

COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

June 11, 2002

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. 39B
Unit Letter M, Section 23-32N-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 6, 2002. 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. 39B located in Unit Letter Letter M, Section 23-32N-07W, San Juan County, New Mexico.

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 and the Bureau of Land Management.

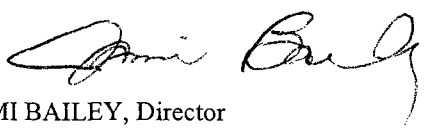
Please submit your \$30.00 dollar filing fee.

Also, please submit the appropriate approvals from 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

BLM

"WE WORK FOR EDUCATION"
310 Old Santa Fe Trail, P. O. Box 1148 Santa Fe, New Mexico 87504-1148