



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

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

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

June 6, 1996

Meridian Oil Inc.
Post Office Box 4289
Farmington, New Mexico 87499-4289

Attn: Ms. Peggy Bradfield

Re: Application for Downhole Commingling
San Juan 27-5 Unit #40E
State Lease No. E-290-3
Unit Letter D, Section 16-27N-05W
Rio Arriba County, New Mexico

Dear Ms. Bradfield:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on June 3, 1996. Your application requests our approval to downhole commingle the Blanco Mesa Verde production with the Basin Dakota production within the wellbore of the San Juan 27-5 Unit Well No. 40E, located in Unit Letter D, Section 16-27N-05W.

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 and the Bureau of Land Management.

Please submit your \$30.00 dollar filing fee.

Meridian Oil Inc.

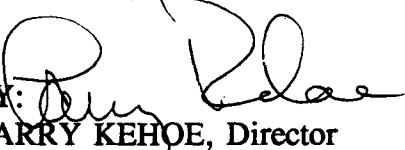
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If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

Enclosure

cc: Reader File
OCD--Attention: David Catanach, Ben Stone
BLM--Farmington