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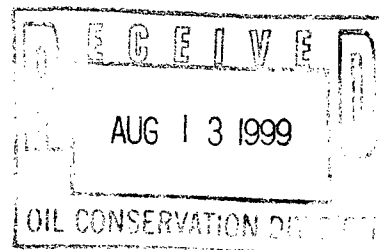
**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

August 11, 1999

Conoco, Inc.  
P.O. Box 2197  
DU 3066  
Houston, Texas 77252-2197

Attn: Ms. Yolanda Perez

Re: Downhole Commingling Application  
San Juan 28-7 Unit Well No. 104  
Unit Letter M, Section 3-27N-07W  
Basin Fruitland Coal and Blanco Pictured Cliffs South Pools  
Rio Arriba County, New Mexico



Dear Ms. Perez:

Your application to downhole commingle the Basin Fruitland Coal and Blanco Pictured Cliffs South production from within the wellbore of the above-captioned well was received on August 9, 1999.

Since it appears that all 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 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: *Anthony N. Nash*  
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