



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-0148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

RECEIVED

FEB 23 2005

OIL CONSERVATION
DIVISION

February 21, 2005

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210-2118

Attn: Mr. James W. Pringle

Re: Application for Downhole Commingling
Killer 'BEE' State Com Well No. 7
Unit Letter M, Section 32-10S-26E
Pecos Slope (Abo) and Wildcat (Wolfcamp) Pools
Chaves County, New Mexico

Dear Mr. Pringle:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on February 18, 2005. Your application requests our approval to downhole commingle the Pecos Slope (Abo) and Wildcat (Wolfcamp) production within the wellbore of the Killer 'BEE' State Com Well No. 7 located in Unit Letter M, Section 32-10S-26E, Chaves 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> |
| Pecos Slope (Abo) | 0% | 67% |
| Wildcat (Wolfcamp) | 0% | 33% |
| | ----- | ----- |
| | 0% | 100% |

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 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.

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

Yates Petroleum Corporation
February 21, 2005
Page 2

Your \$30.00 filing fee has been received.

Also, please submit a copy of the Oil Conservation Division's approval of this application.

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

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/cpm

Enclosure

xc: Reader File

OCD--Attention: David Catanach