

COMMISSIONER'S OFFICE

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

DHC-2840

COMMERCIAL RESOURCES

Phone (505) 827-5724

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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

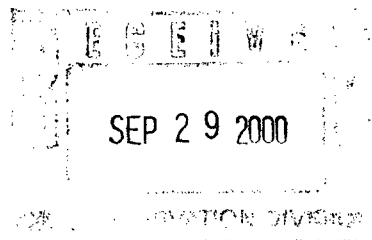
Fax (505) 827-5711

September 28, 2000

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

Attn: Mr. Albert R. Stall

Re: Application for Downhole Commingling
Big Flat ASN State Com Well No. 3
State Lease B-10629
Unit Letter O, Section 10-16S-35E
Townsend Permo-Upper Penn and Shoebar Strawn, Northwest Pools
Lea County, New Mexico



Dear Mr. Stall:

Your application to downhole commingle the Townsend Permo-Upper Penn and Shoebar Strawn, Northwest production from within the wellbore of the above-captioned well was received on September 11, 2000.

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.

Your \$30.00 filing fee has been received.

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

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 H. Nash*
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

xc: Reader File

OCD--Attention: David Catanach, Mark Ashley