

**COMMISSIONER'S OFFICE**

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

**COMMERCIAL RESOURCES**

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**ROYALTY MANAGEMENT**

Phone (505) 827-5772  
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**SURFACE RESOURCES**

Phone (505) 827-5793  
Fax (505) 827-5711

February 13, 2001

Yates Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210

Attn: Mr. James M. Hill

Re: Application for Downhole Commingling  
Lucky Wolf ATB State Com Well No. 1  
Unit Letter I, Section 32-16S-27E  
Undesignated Atoka and Undesignated Morrow Pools  
Eddy County, New Mexico

Dear Mr. Hill:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on January 29, 2001. Your application requests our approval to downhole commingle the Undesignated Atoka and Undesignated Morrow production within the wellbore of the Lucky Wolf ATB State Com Well No. 1 located in Unit Letter I, Section 32-16S-27E, Eddy 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>
Undesignated Atoka	0%	54%
Undesignated Morrow	0%	46%
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	0%	100%

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 is also contingent upon a communitization agreement being submitted for the commingled zones.

Please submit your \$30.00 filing fee.

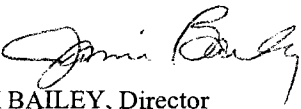
Also, please submit a copy of the Oil Conservation Division's approval of this application.

Yates Petroleum Corporation  
February 13, 2001  
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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:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure  
xc: Reader File

~~OCD-Attention: David Catanach~~