

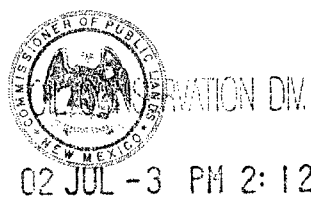
DHC-3027

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ROYALTY MANAGEMENT
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SURFACE RESOURCES
Phone (505) 827-5793
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New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.

July 1, 2002

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

Attn: Mr. James W. Pringle

Re: Downhole Commingling Application
Dallas 'AUE' State Well No. 3
Unit Letter N, Section 35-09S-26E
Foor Ranch (Wolfcamp) and Foor Ranch (Cisco) Pools
Chaves County, New Mexico

Dear Mr. Pringle:

This office is in receipt of your application of June 17, 2002, requesting our approval to downhole commingle the production from the above subject well from the Foor Ranch (Wolfcamp) and Foor Ranch (Cisco) Pools in 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>
Foor Ranch (Wolfcamp)	0 %	79 %
Foor Ranch (Cisco)	0 %	21 %
	0	100

Since it appears that 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.

Your filing fee in the amount of \$30.00 has been received..

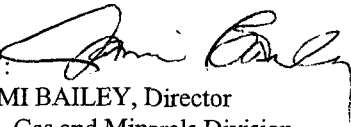
Also, please submit a copy of the Oil Conservation Division's approval order.

Yates Petroleum Corporation
July 1, 2002
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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--~~Santa Fe~~--Attention: David Catanach