



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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August 20, 2007

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Ms. Mayte Reyes

Re: Surface Commingling and
Off Lease Measurement
Sections, 10, 11 and 14
Township 10 South, Range 34 East
Lea County, New Mexico

Dear Ms. Reyes:

We are in receipt of your application of August 9, 2007 requesting our approval for surface commingling and off lease measurement and storage of the production from the following wells:

Merle State Unit Well No. 13 M Sec. 11-10S-34E	API # 30-025-38393, Wildcat Wolfcamp
Merle State Unit Well No. 12 B Sec. 14-10S-34E	API # 30-025-38392, Wildcat Wolfcamp
Taco AUK State Well No. 3 I Sec. 10-10S-34E	API # 30-025-38288, Lane/Abo

It is our understanding that the tank battery is located in the NE/4SE/4 of Sec. 10-10S-34E. The oil will be transported off lease prior to measurement and will be measured by positive displacement, temperature compensated metering equipment. Gas will also be measured separately. Total sales volumes will be allocated back to individual wells based on the daily well test.

Please contact Ms. Anna Villa at (505) 827-5789 for a possible right-of-way through the NE/4SE/4 of Section 10-10S-34E.

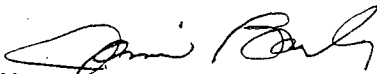
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico, as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 dollar filing fee has been received.

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
PL/JB/pm
pc: Reader File,

OCD-Attention: David Catanach

-State Land Office Beneficiaries -

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