



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

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Cabinet Secretary

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Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Surface Commingling Order CTB-622

November 03, 2010

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

Attention: Mayte Reyes

Yates Petroleum Corporation is hereby authorized to surface commingle oil and gas production from the Sand Tank; Bone Spring Pool (**96832**) from the following leases and wells.

Lease: **Federal Lease: Bailout BOA**

Wells: Bailout BOA Federal Com. Well No.1H (**API No. 30-015-37168**), 1770' FSL, 410' FEL Unit I, Sect. 12, T-18-S, R-29-E

Lease: **Federal Lease : Sand Tank APS**

Well: Sand Tank APS Federal Com. Well No. 2H (**API No. 30-015-37167**), 460' FSL, 380' FEL, Unit M, Sect. 12, T-18-S, R-29-E.

All in NMPM, Eddy County, New Mexico

Commingled oil and gas production from the wells detailed above shall be measured and sold at the Central Tank Battery (CTB), located in Section 12, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico.

Gas production shall be measured continuously with allocation meters before commingling with production from other wells. The gas allocation meters shall be calibrated quarterly.

One meter shall be used to measure oil production from one well, and production shall be allocated back to each well using The Subtraction Method. The oil allocation meter shall be calibrated semi-annually.

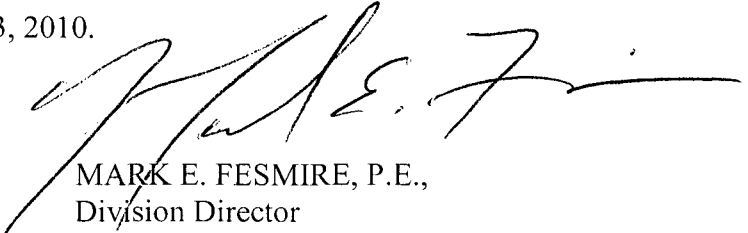
NOTE: This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.



This approval is subject to like approval from the Bureau of Land management (BLM) before commencing the commingling operations.

FURTHER: The operator shall notify the Artesia District office of the Division prior to implementation of commingling operations.

DONE at Santa Fe, New Mexico, on November 03, 2010.



MARK E. FESMIRE, P.E.,
Division Director

MEF/re

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Roswell