



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5715

PLANNING
(505)-827-5752

September 2, 1998

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

Attn: Mr. Morris Keith

Re: Downhole Commingling Application
Morton Unit Well No. 1
Unit Letter B, Section 5-15S-35E
Atoka, Morrow and Mississippian Pools
Lea County, New Mexico

Dear Mr. Keith:

We are in receipt of your application of April 1, 1998, requesting our approval to downhole commingle the production from the above subject well from the Atoka, Morrow and Mississippian Pools in Lea 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>
North Morton Atoka	100%	82%
Wildcat Morrow	0%	8%
Wildcat Mississippian	0%	10%
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	100%	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.

"WE WORK FOR EDUCATION"

Yates Petroleum Corporation

March 12, 1997

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Your filing fee in the amount of \$30.00 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,

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

pc: Reader File

OCD--Attention: David Catnach, Ben Stone