



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3359

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210-2118

Attention: Sam Brandon

*Skaggs BES State Com Well No. 1
API No. 30-025-36729
Unit G, Section 15, Township 10 South, Range 34 East, NMPM,
Lea County, New Mexico
Undesignated Southeast Lane-Abo (36676), and
Wildcat-Atoka Gas Pools*

Dear Mr. Brandon:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303C.(1), the maximum amount of oil and gas that may be produced from the well shall be determined by Division Rules and Regulations.

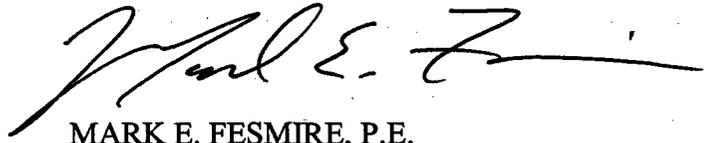
Assignment of allowable to the well and allocation of production from the well shall be done after testing of all intervals to be commingled. The applicant shall submit the allocation percentages to the Division within 60 days following completion of this workover.

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on November 9, 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Division Director

MEF/wvjj

cc: State Land Office - Oil and Gas
Oil Conservation Division - Hobbs