Administrative Order No. DHC-616

Yates Petroleum Corporation
207 South Fourth Street
Artesia, New Mexico 88210

Attention: A. R. Stall

> Re: Vacuum North "ADJ" State No. 1 Well, Unit D,
> Sec. 34, T-16 South, R-34 East, NMPM,
> Lea County, New Mexico
> South Upper Kemnitz Wolfcamp and Kemnitz Lower
> Wolfcamp Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle the production from both 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 two zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 80 barrels per day, and total water production from the well shall not exceed 160 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2,000 by top unit allowable for the South Upper Kemnitz Wolfcamp Pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

S. Upper Wolfcamp Pool: Oil 18%, Gas 18%
Lower Wolfcamp Pool: Oil 82%, Gas 82%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,

R. L. STAMETS,
Director

cc: Gas Co. of N.M.
    OCD District Office - Hobbs