



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

**OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131**

ADMINISTRATIVE ORDER DHC-1696

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

Attention: Mr. Ray Stall

*Corral Draw "AQH" Federal Well No.1
API No. 30-015-29396
Unit L, Section 13, Township 24 South, Range 29 East, NMPM,
Eddy County, New Mexico.
Undesignated Cedar Canyon-Delaware (11540) and
East Pierce Crossing-Bone Spring (50371) Pools*

Dear Mr. Stall:

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 303.C., the daily allowable producing rates from the subject well are hereby established as follows:

Oil 80 B/D Gas 160 MCF/D Water 160 B/D

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

Cedar Canyon-Delaware Pool	Oil 75%	Gas 100%
East Pierce Crossing-Bone Spring Pool	Oil 25%	Gas 0%

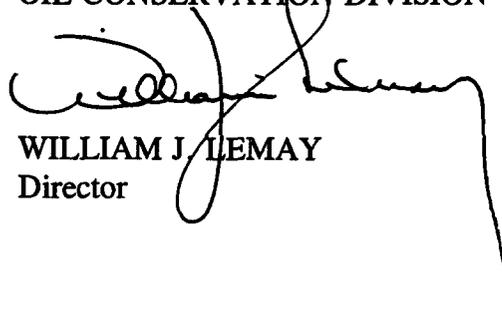
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REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 3rd day of November, 1997.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/DRC

cc: Oil Conservation Division - Artesia
Bureau of Land Management-Carlsbad