DHC-1748

COMMERCIAL RESOURCES
(505)-827-5724

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(505)-827-5752

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

November 4, 1997

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

Attn: Mr. Morris Keith

Re: Downhole Commingling Application
         April APZ State Well No. 1
         NE4NE/4, Section 12-23S-32E
         Diamondtail Bone Springs and Wildcat Delaware Pools
         Lea County, New Mexico

Dear Mr. Keith:

We are in receipt of your application of October 28, 1997,   requesting our approval to downhole commingle the production from the above subject well from the Diamondtail Bone Springs and Wildcat Delaware Pools in Lea County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

POOL	ALLOCATION	
	Oil%	Gas %
Wildcat Delaware	55%	15%
Diamondtail Bone Springs	45%	85%
	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.

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
xc: Reader File
    OCD--Attention: David Catanach, Ben Stone