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**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

May 25, 2000

Yates Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210

Attn: Mr. Albert R. Stall

Re: Downhole Commingling Application  
C. O. Jones ATK State Well No.2  
Unit Letter M, Section 11-16S-35E  
Townsend Permo Upper Penn and Shoebar Strawn, Northwest Pools  
Lea County, New Mexico

Dear Mr. Stall:

Your application to downhole commingle the Townsend Permo Upper Penn and Shoebar Strawn, Northwest production from within the wellbore of the above-captioned well was received on May 18, 2000.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and 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 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 \$30.00 filing fee has been received.

Also, please submit a copy of the Oil Conservation Division's approval order.

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: *Anthony H. Nail*  
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure  
xc: Reader File

OCD-Attention: David Catanaeh, Ben Stone