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SURFACE RESOURCES  
Phone (505) 827-5793  
Fax (505) 827-5711

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

June 11, 2002

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

Attn: Mr. James W. Pringle

Re: Downhole Commingling Application  
Harvest ABR State Well No. 3  
Unit Letter J, Section 36-09S-24E  
Pecos Slope Abo and Undesignated Wolfcamp Pools  
Chaves County, New Mexico

Dear Mr. Pringle:

This office is in receipt of your application of June 10, 2002, requesting our approval to downhole commingle the production from the above subject well from the Pecos Slope Abo and Undesignated Wolfcamp Pools in Chaves County, New Mexico.

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

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil %</u>	<u>Gas %</u>
Pecos Slope Abo	0 %	82.35%
Undesignated Wolfcamp	0 %	17.65%
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	0	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.

Please submit your filing fee in the amount of \$30.00.

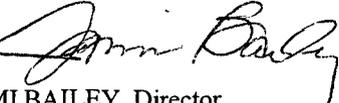
Also, please submit a copy of the Oil Conservation Division's approval order.

Yates Petroleum Corporation  
June 11, 2002  
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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--Santa Fe--Attention: David Catanach