



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Administrative Order DHC-3944
Application Reference Number: pTDS0724836962

YATES PETROLEUM CORPORATION
105 S 4TH ST
ARTESIA, NM 88210

Attention: Debbie Chavez

VALUE BCV STATE COM Well No. 002
API No: 30-05-63677
Unit B, Section 2, Township 8 South, Range 26 East, NMPM
Chaves County, New Mexico

Pool: Undesignated LESLIE SPRING; WOLFCAMP, SOUTH (G) Gas 97110
Names: PECOS SLOPE; ABO (GAS) Gas 82730

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 or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

It is our understanding this is a newly drilled well with diverse interests between Pools. The operator shall run a production profile or spinner within 6 months of beginning injection to determine a proper allocation of production between these two Pools. The results of the production profile or acceptable alternative and the resulting final allocation percentages shall be reported to the engineering bureau of the Division in Santa Fe. This permit is considered to be conditional until receipt of the requested information and otherwise will expire within one year

of this date.

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

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Order approved at Santa Fe, New Mexico on 9/25/2007.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Artesia
State Land Office - Oil, Gas, and Minerals Division