



PATRICK H. LYONS  
COMMISSIONER

*State of New Mexico*  
*Commissioner of Public Lands*

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COMMISSIONER'S OFFICE  
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www.nmstatelands.org

February 17, 2003

RECEIVED

Yates Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210-2118

FEB 19 2003

OIL CONSERVATION  
DIVISION

Attn: Mr. James M. Hill

Re: Application for Downhole Commingling  
Blue Pearl BAF State Com Well No. 1  
Unit Letter O, Section 34-16S-27E  
Diamond Mound Atoka South and Crow Flats Morrow Pools  
Eddy County, New Mexico

Dear Mr. Hill:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on February 10, 2003. Your application requests our approval to downhole commingle the Diamond Mound Atoka South and Crow Flats Morrow production within the wellbore of the Blue Pearl BAF State Com Well No. 1 located in Unit Letter O, Section 34-16S-27E, Eddy 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> |
| Diamond Mound Atoka South | 0%                | 19%         |
| Crow Flats Morrow         | 100%              | 81%         |
|                           | -----             | -----       |
|                           | 100%              | 100%        |

Since it appears that 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 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 and the Bureau of Land Management.

Your \$30.00 filing fee has been received.

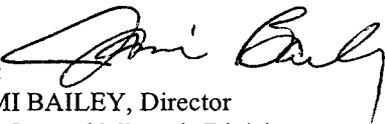
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Also, please submit the appropriate approvals from the New Mexico Oil Conservation Division and the Bureau of Land Management.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

PL/JB/cpm

Enclosure

xc: Reader File

~~OCD--Attention: David Catanach~~

BLM