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PATRICK H. LYONS 2008 NOV 6 PM 3:40 State of New Mexico  
COMMISSIONER Commissioner of Public Lands

COMMISSIONER'S OFFICE

Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

October 30, 2008

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Attention: Ms. Mayte Reyes

Re: Surface Commingling  
Ohkay BHH State #1 (30-015-34551)  
Lot 4, Sec. 6-25S-30E (V-6711-0)  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
Wyatt BHT State #1 (30-015-34553)  
Lot 2, Sec. 6-25S-30E (V-6699-0)  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
Canyon BJK State #1Y (30-015-36605)  
Lot 1, Sec. 1-25S-29E (VA-2974-0)  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
Eddy County, New Mexico

Dear Ms. Reyes:

Your C-103 for lease commingling dated September 17, 2008 was received on September 24, 2008. Your application requests approval to add the Canyon BJK State #1Y to your previously approved application for the above captioned wells. It is our understanding that the above referenced production will be commingled at the Ohkay BHH State Well No. 1 battery located in lot 4 of Sec 6-25S-30E.

Since it appears that all the New Mexico Oil Conservation Division's (NMOCD) 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 is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Since you will be crossing from lease V-6699-0 and VA-2794-0 to V-6711-0 please check with Ms. Anna Villa of our Right of Way Division at (505) 827-5789 for a right of way if you have not already obtained one.

Please also submit a \$30.00 dollar filing fee and a copy of the NMOCD's approval order to this office.

-State Land Office Beneficiaries -

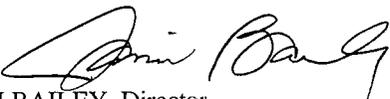
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If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744  
PL/JB/pm  
cc: Reader File,  
OCD-Attention: Ed Martin