



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3159

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

Attention: Mr. James M. Hill

*Louise "AYI" Well No. 1
API No. 30-015-31625
Unit I, Section 25, Township 21 South, Range 26 East, NMPM,
Eddy County, New Mexico
Undesignated Northeast Happy Valley-Strawn (Gas- 78075),
Undesignated Crozier Bluff-Atoka (Gas - N/A), and
Undesignated Burton Flat-Morrow (Gas - 73280) Pools*



Dear Mr. Hill:

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 well bore.

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 and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's Southeast Gas Proration Schedule.

The applicant shall consult with the supervisor of the Artesia District Office of the Division upon completion and testing of the well in order to determine a fixed allocation of production from each of the commingled zones. Upon approval by the Division's Artesia District Office, the applicant shall

submit the allocation formula to the Santa Fe Office of the Division.


Failure to comply with the above-described production allocation requirements in a timely fashion will subject the well to shut-in status and other enforcement action deemed necessary by the Division Director.

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

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 11th day of June, 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Division Director

LW/DRC

cc: Oil Conservation Division – Artesia /