



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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March 26, 2003

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

Attention: Ms. Mayte Reyes

Re: Surface/Pool Commingling Application
Cottonwood Ranch MK State #1 (B)
Cottonwood Ranch Penn & Pecos Slope Abo Pools
Cottonwood Ranch MK State #5 (H)
Pecos Slope Abo Pool
Section 36-6S-25E
Chaves County, New Mexico

RECEIVED

MAR 27 2003

OIL CONSERVATION
DIVISION

Dear Ms. Reyes:

Your letter requesting our approval for surface and pool commingling of the production and sales for the above-captioned wells was received on March 25, 2003.

It is our understanding that the production and sales for the Cottonwood Ranch MK State Well No. 1 for the Penn and Abo formations will be measured according to the your initial test percentage factors. Please submit a copy of your initial test percentage factors to this office for our records.

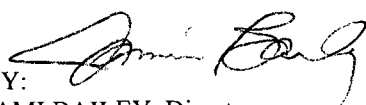
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a \$30.00 filing fee.

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

pc: Reader File,
OCD-Attention: David Catanach