



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3149

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

Attention: James Hill

*Chimay BAO State Well No. 1
API No. 30-015-32508
Unit E, Section 2, Township 24 South, Range 23 East, NMPM,
Eddy County, New Mexico
Wildcat-Atoka (Gas), and
East Hess-Morrow (Gas 78380) 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 applicant shall consult with the supervisor of the Division's Artesia District Office upon completion of the well in order to determine a proper allocation of production from each of the commingled pools. Upon approval of the allocation formula by the Artesia District Office, the applicant shall provide a copy of the allocation to the Santa Fe Office of the Division.

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

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Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 1st day of May 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Lori Wrotenbery" followed by a stylized flourish or initials "wvjj".

LORI WROTENBERY
Division Director

LW/wvjj

cc: Oil Conservation Division – Artesia
State Land Office – Mineral Resources Division