



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3340

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: James M. Hill

*Cigar BCM State Com Well No.2
API No. 30-015-33061
Unit P, Section 36, Township 23 South, Range 27 East, NMPM,
Eddy County, New Mexico
Black River-Morrow Gas (72170),
Southeast Loving-Atoka Gas (80705), and
Wildcat-Strawn Gas 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 wellbore.

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 or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

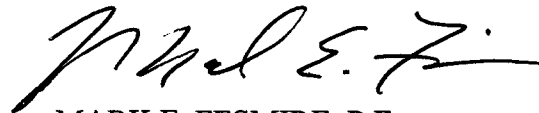
Assignment of allowable to the well and allocation of production from the well shall be done by the operator within 30 days following completion of the commingling operations. The allocation percentages shall be supplied in writing to the Engineering bureau of the Santa Fe office of the Division.

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

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 8th day of September 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Artesia
State Land Office – Minerals Management