

OIL CONSERVATION DIVISION

ADMINISTRATIVE ORDER DHC-1178

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

Attention: Mr. Brian Collins

*Hanagan 'APL' Federal Well No. 1
 Unit G, Section 31, Township 19 South, Range 30 East, NMPM,
 Eddy County, New Mexico.
 Undesignated Atoka and Undesignated Morrow Pools*

Dear Mr. Collins:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle production from both 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 and required separation of the two zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C-4., total commingled oil production from the subject well shall not exceed 80 barrels per day, and total water production shall not exceed 160 barrels per day. 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.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

| | | |
|---------------------|----------|---------|
| Undesignated Atoka | Oil 100% | Gas 90% |
| Undesignated Morrow | Oil 0% | Gas 10% |

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

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 21st day of December, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Hobbs
Bureau of Land Management - Carlsbad