



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1404

Yates Petroleum Corporation
105 South Fourth St.
Artesia, New Mexico 88210

Attention: Mr. Morris Keith

*Cleary "AKC" Federal Well No. 1
API No. 30-025-24823
Unit J, Section 17 Township 22 South, Range 32 East, NMPM,
Lea County, New Mexico.
East Livingston Ridge-Delaware (39366) and
Wildcat Bone Spring Pools*

Dear Mr. Keith:

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

In accordance with the provisions of Rule 303.C., the daily allowable producing rates from the subject well are hereby established as follows:

Oil 187 B/D Gas 374 MCF/D Water 374 B/D

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

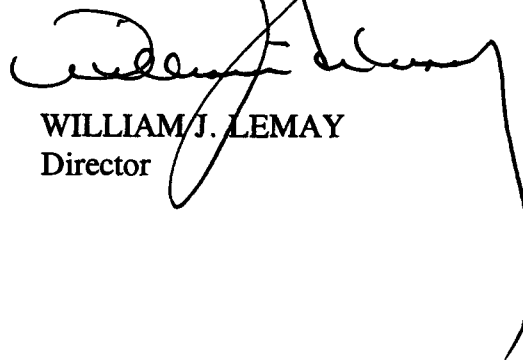
East Livingston Ridge-Delaware Pool	Oil 50%	Gas 5%
Wildcat Bone Spring Pool	Oil 50%	Gas 95%

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

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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 20th day of November, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the typed name and title. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY
Director

S E A L

WJL/DRC

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