

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760

Fax (505) 827-5766

**ADMINISTRATION**

Phone (505) 827-5700

Fax (505) 827-5853

**GENERAL COUNSEL**

Phone (505) 827-5713

Fax (505) 827-4262

**PUBLIC AFFAIRS**

Phone (505) 827-1245

Fax (505) 827-5766



**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

**COMMERCIAL RESOURCES**

Phone (505) 827-5724

Fax (505) 827-6157

**MINERAL RESOURCES**

Phone (505) 827-5744

Fax (505) 827-4739

**ROYALTY MANAGEMENT**

Phone (505) 827-5772

Fax (505) 827-4739

**SURFACE RESOURCES**

Phone (505) 827-5793

Fax (505) 827-5711

March 7, 2001

Yates Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210

Attn: Mr. James W. Pringle

Re: Application for Downhole Commingling  
Sandlewood AEW State Well No. 2  
Unit Letter E (Lot 2), Section 31-08S-27E  
Pecos Slope Abo, Undesignated Mississippian and Undesignated Penn Pools  
Chaves County, New Mexico

Dear Mr. Pringle:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on February 22, 2001. Your application requests our approval to downhole commingle the Pecos Slope Abo, Undesignated Mississippian and Undesignated Penn production within the wellbore of the Sandlewood AEW State Well No. 2 located in Unit Letter E (Lot 2), Section 31-08S-27E, Chaves County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil%</u>	<u>Gas%</u>
Pecos Slope Abo	0%	30%
Undesignated Penn	0%	35%
Undesignated Mississippian	0%	35%
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	0%	100%

Since it appears that 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 for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 filing fee has been received.

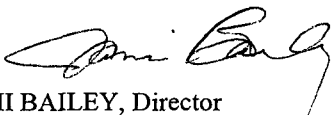
Yates Petroleum Corporation  
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Also, please submit a copy of the Oil Conservation Division's approval of this application.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure  
xc: Reader File

~~OCD-Attention: David Catanach~~