

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

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Mark Fesmire
Division Director
Oil Conservation Division



October 21, 2008

Administrative Order PLC-316

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Mayte Reyes

Yates Petroleum Corporation ("Yates") is hereby authorized to surface commingle **oil production** from the following Pools:

East Pierce Crossing-Bone Spring Pool (96473)
Nash Draw-Delaware Bone Spring (Avalon Sand) Pool (47545)

and from the following three diversely owned wells located on State leases in Eddy County, New Mexico:

Ohkay BHH State Well No. 1 (API 30-015-34551) Lot 4, Sec 6, T25S, R30E, NMPM
40 acre dedication: East Pierce Crossing-Bone Spring Pool
40 acre dedication: Nash Draw-Delaware Bone Spring (Avalon Sand) Pool (DHC-3697)

Wyatt BHT State Well No. 1 (API 30-015-34553) Unit B, Sec 6, T25S, R30E, NMPM
40 acre dedication: East Pierce Crossing-Bone Spring Pool
40 acre dedication: Nash Draw-Delaware Bone Spring (Avalon Sand) Pool (DHC-3972)

Canyon BJK State Well No. 1Y API 30-015-36605) Lot 1, Sec. 1 T25S, R29E, NMPM
40 acre dedication: East Pierce Crossing-Bone Springs Pool
40 acre dedication: Nash Draw-Delaware Bone Springs (Avalon Sand) Pool (Not yet DHC'd)

Each of these diversely owned wells shall be equipped with continuous metering separators for oil production prior to oil being commingled for sales.

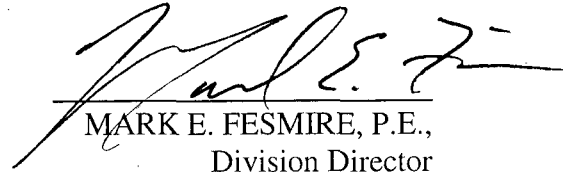
The oil sales point for this commingled production shall be located at the battery near the Ohkay BHH State Well No. 1 in Lot 4 of Section 6, Township 25 South, Range 30 East. Oil from the Wyatt BHT State Well No. 1, and the Canyon BJK State Well No. 1Y are approved for off lease measurement and sales after being metered on-lease.



Gas commingling from these wells is approved under Division administrative Order No PLC-309.

It is the responsibility of the producer to notify the transporter of this commingling authority.

The operator shall notify the Artesia district office of the Division upon commencement of commingling operations.


MARK E. FESMIRE, P.E.,
Division Director

MEF/re

cc: Oil Conservation Division – Artesia
State Land Office (SLO) Oil, Gas, and Minerals Division