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State of New Mexico 2008 DEC 4 PM 12:42
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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November 4, 2008

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

Attn: Ms. Debbie Chaves

Re: Downhole Commingling Application
Canyon BJK Well No. 1Y (API # 30-015-36605)
Unit Letter A, Section 1-25S-29E
Nash Draw; Delaware/ BS (Avalon Sand – O), and
Pierce Crossing; Bone Springs, E (O) Pools
Eddy County, New Mexico

Dear Ms. Chaves:

Thank you for your application to downhole commingle the Nash Draw, Delaware/ BS (Avalon Sand – O), and Pierce Crossing; Bone Springs, E (O) pools from the referenced well in Eddy County, New Mexico.

Since it appears that all the New Mexico Oil Conservation's (OCD) 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 application is approved. Any deviation from the substance of your application will be cause for rescinding our approval, and approval is subject to like approval by the OCD.

Your filing fee in the amount of \$30.00 has been received.

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

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
PL/JB/jm

Enclosure

xc: Reader File

OCD—Ed Martin,

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University