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PATRICK H. LYONS  
COMMISSIONER

2007 SEP 26 AM 11:27  
*State of New Mexico*  
*Commissioner of Public Lands*

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P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760  
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www.nmstatelands.org

September 19, 2007

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

Attn: Ms. Shannon Moss

Re: Downhole Commingling Application  
Manchester State Unit Well No. 1 (API # 30-015-34929)  
Unit Letter D, Section 20-19S-23E  
Wildcat; Upper Penn and Runyon Ranch; Morrow (Gas) Pools  
Eddy County, New Mexico

Dear Ms. Moss:

Thank you for your application to downhole commingle the Wildcat; Upper Penn and Runyon Ranch; Morrow (Gas) pools from the referenced well in Eddy County, New Mexico.

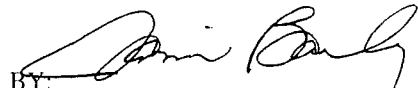
Since it appears that all the New Mexico Oil Conservation's (OCD) rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your application is approved. Any deviation from the substance of your application will 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--David Catanach,

**-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