



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



May 5, 2011

Administrative Order DHC-4372

Application Reference Number: pTGW111152508

Yates Petroleum Corporation
Attn: Mr. Mike Hill
105 South Fourth Street
Artesia, NM 88210

Re: Loving AIB State Well No. 7
API No. 30-015-37126
Unit P, Section 16-23S-28E
Eddy County, New Mexico

Pool: South Loving Delaware Pool (Oil) (40380)
Wilcat Bone Spring (Gas)

Dear Mr. Hill:

Reference is made to your application for an exception to Division Rule 12.9A [19.15.12.9.A NMAC] to permit down hole commingling of production from the subject pools within the above-described wellbore.

It appears that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 12.11.A [19.15.12.11.A NMAC], that reservoir damage or waste will not result from such down hole commingling and correlative rights will not be violated. Accordingly, you are hereby authorized to commingle the production as described.

In accordance with Division Rule 12.11.A(6) [19.15.12.11.A(6) NMAC], the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable and allocation of production from the well shall be as follows:

South Loving Delaware Pool	Pct Gas: 46%	Pct Oil: 95%
Wildcat Bone Spring (Gas) Pool	Pct Gas: 54%	Pct Oil: 5%

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



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It is our understanding that the above allocation percentages are based on historical production from this well.

It is also understood that ownership of all interests in the pools from which production is being commingled is identical.

This approval is conditional upon approval by the New Mexico State Land Office prior to commencement of commingling.

The operator shall notify the Division's Artesia district office upon implementation of commingling operations.

Pursuant to Rule 12.11B [19.15.12.11.B NMAC], the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



Jami Bailey
Director

JB/db

cc: Oil Conservation Division – Artesia
New Mexico State Land Office – Santa Fe