



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3124

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

Attention: Mr. James H. Hill

*Bonanza "AZQ" State Com Well No. 1
API No. 30-015-31969
Unit P, Section 17, Township 18 South, Range 25 East, NMPM,
Eddy County, New Mexico
Undesignated Richard Knob-Atoka Morrow (Gas 83840), and
Undesignated Penasco Draw-Permo-Penn (Gas 82775) Pools*



Dear Mr. Hill:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the well bore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's Southeast Gas Proration Schedule.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis unless amended with permission of the Artesia District Office and copied to this office.

Undesignated Penasco Draw-PermoPenn Gas Pool	Oil-100%	Gas-66%
Undesignated Richard Knob-Atoka Morrow Gas Pool	Oil-0%	Gas-34%

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 25th day of March 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Division Director

LW/wvj

cc: Oil Conservation Division – Artesia /
State Land Office-Oil & Gas Division