



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 31, 2000

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

Attention: Mr. James W. Pringle

Re: DHC Application
Horn "YG" Federal No. 1
Unit N, Section 10, T-8S, R-26E,
Chaves County, New Mexico




Dear Mr. Pringle:

Upon review of the above-described application, it has been determined that the well does not qualify for administrative approval of downhole commingling due to the pressure of the formations. Rule 303.C.(1)(b)(ii) states that: "the bottomhole pressure of the highest pressured commingled zone does not exceed the original reservoir pressure of any other commingled zone in the wellbore, adjusted to a common datum." Your application states that the current pressure of the Penn zone is 2,349 psi, and that the original reservoir pressure of the Abo zone is 1300 psi.

The application may be considered for approval at a Division Examiner hearing. Please let me know whether you wish to set the application for hearing.

If you have any questions, please contact me at (505) 827-8184.

Sincerely,


David Catanach
Engineer

Xc: OCD-Artesia