

COMMINGLING DATA FOR THE NORTH MILLMAN UNIT #4

The objective is to downhole commingle the Morrow and the Strawn formations to prevent the waste of mineral resources. By downhole commingling the Morrow and Strawn, an estimated 12688 MCF of additional Morrow gas will be recovered.

1> Name and Address of the Operator:

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
ATTN: Brian Collins

2> Lease Name, Well Number, Well Location, Name of the Pools to be Commingled:

North Millman Unit #4
Unit O Sec. 6-T19S-R28E
660'FSL & 1980'FEL
Pools: Millman South Morrow
Undesignated Strawn

3> A plat of the area showing the acreage dedicated to the well and the ownership of all offsetting leases.

See Attachment A (map).

4> A current (within 30 days) 24-hour productivity test on Division Form C-116 showing the amount of oil, gas, and water produced from each zone.

The approximate test rates for each zone are:

Morrow

10711'-10714', 10822'-10829'

Produces approximately 10 MCFPD

See Attachment B (Production History)

Strawn

9446'-9456'

Strawn has not been tested yet. We are seeking downhole commingling approval prior to testing the Strawn.

5> A production decline curve for both zones showing that for a period of at least one year a steady rate of decline has been established for each zone which will permit a reasonable allocation of the commingled production to each zone for statistical purposes. (This requirement may be dispensed within the case of a newly completed or recently completed well which has little or no production history. However, a complete description of treating testing, etc., of each zone, and a prognostication of future production from each zone shall be submitted.)

See Attachment B (Morrow Production History)

Prognostication of Strawn production will be made after Strawn is tested.