

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Artesia district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the well, applicant should consult with the supervisor of the Artesia district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Yates Petroleum Corporation, is hereby authorized to commingle Upper Pennsylvanian and Little Box Canyon-Atoka production within the wellbore of the Federal "HQ" Well No. 1, located in Unit N of Section 5, Township 21 South, Range 22 East, NMPM, Eddy County, New Mexico.

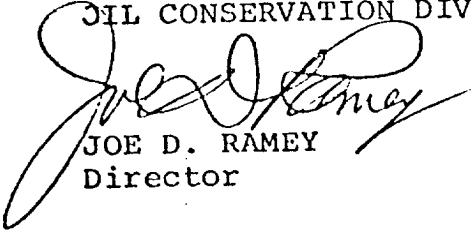
(2) That the applicant shall consult with the Supervisor of the Artesia district office of the Division and determine an allocation formula for the allocation of production to each zone in the subject well.

(3) That the operator of the subject well shall immediately notify the Division's Artesia district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L
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