



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

April 3, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

1089

Attention: Ms. Mayte Reyes

Re: Surface Commingling Application
Cottonwood Ranch "MK" State Nos. 1, 5
Section 36, T-6 South, R-25 East, NMPM,
Chaves County, New Mexico

Dear Ms. Reyes:

I have reviewed your recent application to surface commingle Pecos Slope-Abo and Cottonwood Ranch-Penn Pool production from the above-described wells. I have several questions concerning your application:

- (a) Is the Cottonwood Ranch "MK" State Well No. 1 dually completed in the Pecos Slope-Abo and Cottonwood Ranch-Penn Pools, or is the well downhole commingled in these pools?
- (b) How is the production from the Cottonwood Ranch "MK" State Well No. 1 to be allocated between the Penn and Abo formations? How is the production between the Cottonwood Ranch "MK" State Wells No. 1 and 5 to be allocated. (Please be advised that Division rules do not permit allocation between surface commingled wells based upon fixed percentages.)
- (c) Please identify the leases/and or proration units for each of the wells and pools.

Please submit the required data, at which time your application will be processed.

Sincerely,

David Catanach
Engineer