



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
 P.O. BOX 1148
 SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
 Fax (505) 827-5766
 www.nmstatelands.org

April 22, 2003

Yates Petroleum Corporation
 105 South 4th Street
 Artesia, New Mexico 88210-2118

Attn: Mr. James M. Hill

Re: Application for Downhole Commingling
 Bonanza "AZQ" State Com Well No. 1
 Unit Letter P, Section 17-18S-25E
 Penasco Draw Permo-Penn and Undesignated Richard Knob Atoka Morrow Pools
 Eddy County, New Mexico

RECEIVED

APR 23 2003

**OIL CONSERVATION
 DIVISION**

Dear Mr. Hill:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on March 24, 2003. Your application requests our approval to downhole commingle the Penasco Draw Permo-Penn and Undesignated Richard Knob Atoka Morrow production within the wellbore of the Bonanza "AZQ" State Com Well No. 1 located in Unit Letter P, Section 17-18S-25E, Eddy County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil%</u>	<u>Gas%</u>
Penasco Draw Permo-Penn	0%	66%
Undesignated Richard Knob Atoka Morrow	0%	34%
	-----	-----
	0%	100%

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

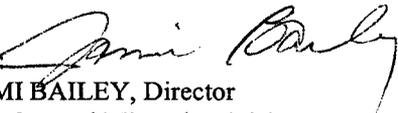
Your \$30.00 filing fee has been received.

Yates Petroleum Corporation
April 22, 2003
Page 2

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/cpm
Enclosure
xc: Reader File

OCD--Attention: David Catanach