

DHC 10/2/96
1378



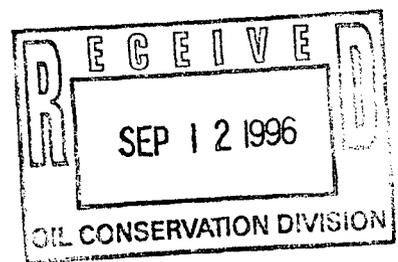
State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

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

(505) 827-5760
FAX (505) 827-5766

June 13, 1996



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

Attn: Mr. Morris Keith

Re: Application for Downhole Commingling
Hunt APO State Well No. 1
Bone Spring and Delaware Pools
Section 04-21S-34E, NW4SW4
Lea County, New Mexico

Dear Mr. Keith:

We have received your application letter of May 22, 1996, wherein you requested approval to downhole commingling the Bone Spring and the Delaware zones from the above subject well.

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>
Bone Spring Pool	40%	60%
Delaware Pool	60%	40%

Since ownership is common throughout, and there will be no loss of revenue to the State of New Mexico's beneficiaries from your proposed operation, the Commissioner of Public Lands, this date approves your request. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval should this operation prove to be unprofitable to the State at any time in the future. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Yates Petroleum Corporation
June 13, 1996
Page 2

Your filing fee in the amount of \$30.00 dollars has been received.

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

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

Enclosure

cc: Reader File
OCD--Attention: David Catanach, Ben Stone