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**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

July 7, 2000

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

Attn: Mr. Albert R. Stall

Re: Downhole Commingling Application
BLTN AUY State Well No. 1
Unit Letter A, Section 33-16S-35E
Undesignated Wolfcamp, Shoe Bar Atoka and Undesignated Morrow Pools
Lea County, New Mexico

30-025-34959

Dear Mr. Stall:

Your application to downhole commingle the Undesignated Wolfcamp, Shoe Bar Atoka and Undesignated Morrow production from within the wellbore of the above-captioned well was received on June 29, 2000.

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 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.

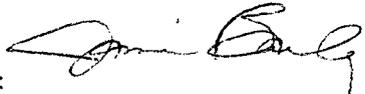
Your \$30.00 filing fee has been received.

Also, please submit a copy of the Oil Conservation Division's approval order.

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

RP/JB/cpm
Enclosure
xc: Reader File

OCD--Attention: David Catanach, Ben Stone