

DHC-3040

COMMISSIONER'S OFFICE

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Phone (505) 827-5700
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GENERAL COUNSEL

Phone (505) 827-5713
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**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES

Phone (505) 827-5724
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MINERAL RESOURCES

Phone (505) 827-5744
Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772
Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793
Fax (505) 827-5711

September 10, 2002

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

Attn: Mr. James W. Pringle

Re: Downhole Commingling Application
Conejo "RH" State Well No. 5
Unit Letter F, Section 2-07S-25E
Pecos Slope Abo and Five Mile Draw (Penn) Pools
Chaves County, New Mexico

Dear Mr. Pringle:

This office is in receipt of your application of August 22, 2002, requesting our approval to downhole commingle the production from the above subject well from the Pecos Slope Abo and Five Mile Draw (Penn) Pools in Chaves 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>
Pecos Slope Abo	0 %	85 %
Five Mile Draw (Penn)	0 %	15 %
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	0	100

Since it appears that 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 filing fee in the amount of \$30.00 has been received.

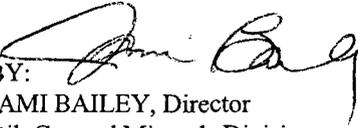
Also, please submit a copy of the Oil Conservation Division's approval order.

Yates Petroleum Corporation
September 10, 2002
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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--Santa Fe--Attention: David Catanach