

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766

ADMINISTRATION
Phone (505) 827-5700
Fax (505) 827-5853

GENERAL COUNSEL
Phone (505) 827-5713
Fax (505) 827-4262

PUBLIC AFFAIRS
Phone (505) 827-1245
Fax (505) 827-5766



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

DHC-3052
COMMERCIAL RESOURCES
Phone (505) 827-5724
Fax (505) 827-6157

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

October 16, 2002

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

Attn: Mr. Sam Brandon

Re: Application for Downhole Commingling
State "CK" Com Well No. 1
Lot 3, Section 4-17S-26E
Wildcat (Atoka) and POW (Morrow Gas) Pools
Eddy County, New Mexico

Dear Mr. Brandon:

Your application to downhole commingle the Wildcat (Atoka) and POW (Morrow Gas) production from within the wellbore of the above-captioned well was received on September 11, 2002.

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.

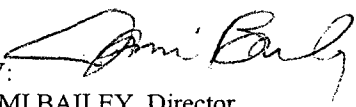
Our approval is contingent on Yates Petroleum Corporation submitting a new Communitization Agreement for the Atoka Formation or amending to the current Morrow communitization agreement.

Your \$30.00 filing fee 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: 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
RP/JB/cpm
Enclosure
xc: Reader File

OCD--Attention: David Catanach