

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Administrative Order DHC-3937
Application Reference Number: pTDS0722851984

YATES PETROLEUM CORPORATION
105 S 4TH ST,
ARTESIA, NM 88210

Attention: Sam Brandon, Operations Engineer

CARPER MCALESTER ATE STATE Well No. 001
API No: 30-025-20388
Unit C, Section 25, Township 11 South, Range 34 East, NMPM
Lea County, New Mexico

Pool:	EIGHT MILE DRAW;ABO	Oil 21450
Names:	Undesignated EIGHT MILE DRAW;PERMO UPPER PENN	Oil 21480

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be as follows.

EIGHT MILE DRAW;ABO Pool	Pct Gas: 84	Pct Oil: 38
Undesignated EIGHT MILE DRAW;PERMO UPPER PENN Pool	Pct Gas: 16	Pct Oil: 62

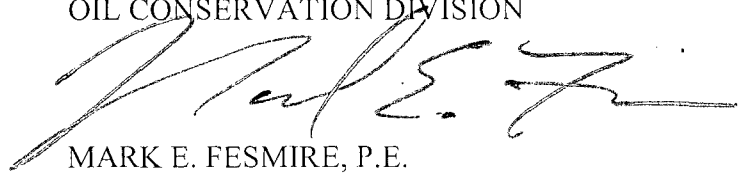
These percentages shall be amended only with written permission of the Division.

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Order approved at Santa Fe, New Mexico on 8/26/2007.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', is written over the printed name and title.

MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Hobbs
State Land Office - Oil, Gas, and Minerals Division