



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joan naPrukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

JUN 18 2007

Administrative Order DHC-3900

OCD-AR-1234

Yites Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Shannon Moss

Arco EC State Well No. 2
API No. 30-015-21653
Unit I, Section 36, Township 17 South, Range 25 East, NMPM,
Eddy County, New Mexico
Undesignated Eagle Creek; Permo-Penn Gas (76280) and
Eagle Creek; Strawn Gas (76320) Pools

Dear Shannon Moss:

Reference is made to your 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.

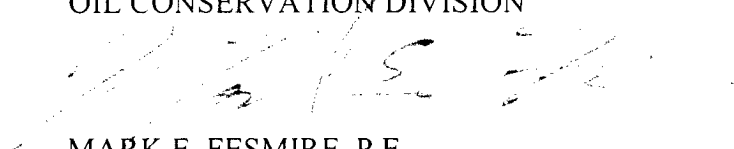
Assignment of allowable to the well and allocation of production from the well shall be done after testing of all intervals to be commingled. **The applicant shall submit the allocation percentages to the Division within 60 days following completion of this well or workover.**

REMARKS: The operator shall notify the Artesia 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Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 June 5, 2007.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark 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 – Artesia
State Land Office – Oil, Gas, and Minerals Division