



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-3292

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: James M. Hill



*Mucho Luck BBW Federal Well No. 1
API No. 30-015-32709
Unit L, Section 27, Township 16 South, Range 27 East, NMPM,
Eddy County, New Mexico
South Diamond Mound-Atoka (Gas 97002), and
Crow Flats-Morrow (Gas 75720) Pools*

Dear Mr. Hill:

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.

Percentages to be utilized for assignment of allowables and for production between commingled pools shall be supplied in writing to the Division office in Santa Fe within 30 days following completion of this workover.

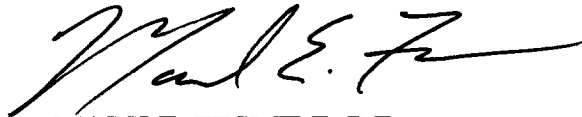
REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

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Yates Petroleum Corporation
June 30, 2004
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Approved at Santa Fe, New Mexico on this 30th day of June 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad