



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-2755

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

Attention: Mr. Albert R. Stall

*C. O. Jones "ATK" State No. 2
API No. 30-025-34752
Unit M, Section 11, Township 16 South, Range 35 East, NMPM,
Lea County, New Mexico.
Townsend Permo-Upper Penn (Oil - 59847) and
Northwest Shoe Bar-Strawn (Oil - 56280) Pools*

Dear Mr. Stall:

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 and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C.(1), each of the commingled pools shall be allowed to produce up to the top oil allowable and top casinghead gas allowable applicable for that pool.

The applicant shall consult with the supervisor of the Division's Hobbs District Office upon completion and testing of the well in order to establish a fixed allocation of production from each of the commingled pools. Upon approval by the Division's Hobbs District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

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