



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

August 14, 1989

Yates Energy Corporation
P.O. Box 2323
Roswell, NM 88202

Attention: Fred G. Yates

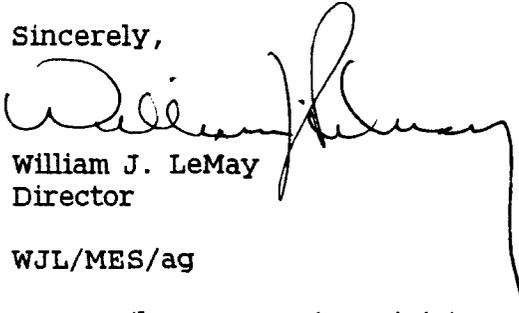
Administrative Order NSL-2684

Dear Mr. Yates:

Reference is made to your application of August 3, 1989 for a non-standard gas well location for your Desert Rose Federal Well No. 1 to be located 1740 feet from the South line and 660 feet from the East line (Unit I) of Section 27, Township 23 South, Range 23 East, NMPM, Undesignated East Hess-Morrow Gas Pool, Eddy County, New Mexico. The E/2 of said Section 27 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of General Rule 104 F(II), the above-described unorthodox gas well location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Artesia
NM Oil and Gas Engineering Committee - Hobbs
US Bureau of Land Management - Roswell