



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 17, 1998

Yates Petroleum Corporation
c/o Campbell, Carr, Berge & Sheridan, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Administrative Order NSL-3953

Dear Mr. Carr:

Reference is made to your application on behalf of the operator, Yates Petroleum Corporation ("Yates"), dated February 16, 1998 for an unorthodox Morrow gas well location for the plugged and abandoned Mallard Petroleum, Inc. Hess Hills Unit Well No. 2 (API No. 30-015-20136), to be redesignated the Ed Wood "ASE" Federal Well No. 1, located 330 feet from the East line and 660 feet from the West line (Unit D) of Section 12, Township 24 South, Range 23 East, NMPM, Undesignated East Hess-Morrow Gas Pool, Eddy County, New Mexico.

The Hess Hills Unit Well No. 2 was originally drilled to a total depth of 9,400 feet in 1968 in order to test the Strawn formation for oil whereby it tested dry and was subsequently plugged and abandoned.

It is our understanding that Yates now intends to reenter said well and deepen it to an approximate depth of 10,850 feet in order to test the Morrow formation for gas within a standard 320-acre gas spacing and proration unit comprising the N/2 of said Section 12.

The application has been duly filed under the provisions of Division General Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad