



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

September 28, 2001

Lori Wrotenbery

Director

Oil Conservation Division

**Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118
Attention: Robert Bullock**

Administrative Order NSL-4177-A(SD)

Dear Mr. Bullock:

Reference is made to the following: (i) your application dated September 20, 2001 (*application reference No. pKRV0-126929664*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request for an exception to Rule 4 of the "*Special Rules and Regulations for the North Shoe Bar-Strawn Pool*," as promulgated by Division Order No. R-4658, as amended, for a non-standard infill oil well location within an existing standard 160-acre oil spacing and proration unit comprising the SE/4 of Section 11, Township 16 South, Range 35 East, NMPM, Undesignated North Shoe Bar-Strawn Pool (**56270**), Lea County, New Mexico.

This 160-acre unit is currently dedicated to Yates's Runnels "ASP" Well No. 2 (**API No. 30-025-34443**) located at an unorthodox oil well location [approved in part by Division Administrative Order NSL-4177(MC)] 1650 feet from the South line and 2270 feet from the East line (Unit J) of Section 11.

The subject application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and the applicable provisions of the rules governing the North Shoe Bar-Strawn Pool.

The geologic interpretation submitted with this application indicates that the proposed infill unorthodox oil well location will be at a more favorable geologic position within the SE/4 of Section 11 in order to drain the remaining reserves underlying this unit.

By the authority granted me under the provisions of: (i) Rule 5 of these special pool rules; and (ii) Division Rule 104.F (2), the following described well to be drilled at an unorthodox infill oil well location in Section 11 is hereby approved:

**Runnels "ASP" Well No. 5
750' FSL & 1100' FEL (Unit P).**

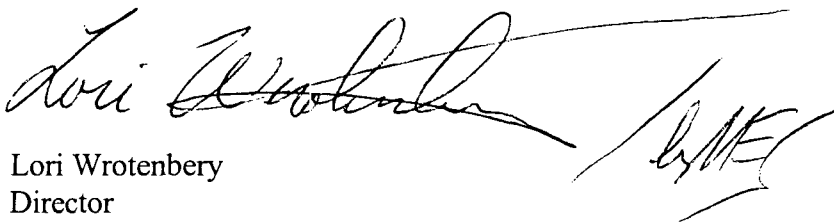
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Both the existing Runnels "ASP" Well No. 2 and proposed Runnels "ASP" Well No. 5 are to be simultaneously dedicated to the subject 160-acre unit within the Undesignated North Shoe Bar-Strawn Pool. Further, Yates shall be permitted to produce up to the allowable assigned this unit from both wells in any proportion.

All provisions applicable to the subject unit and pool in Division Administrative Order NSL-4177(SD) shall remain in full force and affect until further notice.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSL-4177(MC) /