



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

July 9, 1998

Yates Petroleum Corporation
c/o William F. Carr
P. O. Box 2206
Santa Fe, New Mexico 87504-2208

Administrative Order NSP-1792

Dear Mr. Carr:

Reference is made to your application dated June 18, 1998 for a 240.64-acre non-standard gas spacing and proration unit consisting of the following acreage in the Little Box Canyon Morrow-Gas Pool:


EDDY COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 7: Lots 1, 2, 3, and 4 and the E/2 W/2.

This unit is to be dedicated to Yates Petroleum Corporation's Little Box Canyon "AOX" Federal Well No. 1 (API No. 30-015-24747), located at a previously approved unorthodox gas well location (see Division Order No. R-7400, issued in Case No. 8006 dated December 14, 1983) 800 feet from the South line and 1600 feet from the West line (Unit N) of Section 7. It is our understanding that this well was drilled in 1984 to a total depth of 8,450 feet and on March 6, 1986 gas production commenced from the Little Box Canyon Morrow-Gas Pool. Division Rules applicable at that time (Rule 104.D.II dated March 1, 1982) required approval by the Division Director for any gas well that did not have the required amount of acreage dedicated to it for the applicable pool or formation (320 acres). Division Order No. R-7400 failed to specifically address this issue. Under the current rules applicable in this matter [see Rule 104.D(2)(a)] the supervisor of the appropriate Division's District Office would be allowed to consider this matter since the unorthodox size is a result of the variation in the legal subdivision of the United States Public Land Surveys and is more than 70% of a standard spacing unit.

Approval of this application should be made retroactive to the date of first production (March 1, 1982) and should be granted under the rules and regulations applicable to this well at the time it was drilled in 1984.

The application has been duly filed under the provisions of Rule 104.D.II of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division") dated March 1, 1982; therefore, by the authority granted me under these provisions, the above-described non-standard 240.64-acre gas spacing and proration unit is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

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