



April 18, 1994

Mr. William Lemay
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Application for Administrative Approval
Unorthodox Gas Well Location
Eddy County, New Mexico

11037

Dear Mr. Lemay

Yates Energy Corporation is the operator of S/2, Sec 12, T-22-S, R-25-E and proposes to drill the McGruder Hill 12 Federal Com #1 to the Morrow formation at a location 330' from the west line and 1680' from the south line of said Section 12.

The original location was to be staked 660' from the west line but was moved by Bureau of Land Management personnel due to a steeply sloping hill.

Therefore, Yates Energy respectfully requests that the Division Director grant an exception to Rule 104 B.I.(a) without hearing based on topographical conditions as allowed under the Rules and Regulations of the State of New Mexico Oil Conservation Division.

Attached please find a plat showing the ownership of all offsetting leases. All offset Operators have been notified and requests for waivers sent. All waiver letters will be forwarded to you upon receipt. Also attached is a plat showing the existing topographical conditions.

Your favorable consideration and assistance in this matter is greatly appreciated.

Very truly yours,
YATES ENERGY CORPORATION

Kirk Ross
Engineer

Enclosure

