



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

June 19, 2000

Lori Wrotenberg
Director
Oil Conservation Division

E.G.L. Resources, Inc.
214 West Texas Avenue - Suite 900
Midland, Texas 79701
Attention: **W. Wesley Perry**

Telefax No. (915) 682-5852

Administrative Order NSL-4472

Dear Mr. Perry:

Reference is made to the following: (i) your initial application dated March 24, 2000 for an exception to New Mexico Oil Conservation Division ("Division") **Rule 104.C (3)**, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) the Division's initial response by letter dated April 5, 2000 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe; (iii) your response by letters dated April 21 and May 22, 2000 with additional data; (iv) a second letter from Mr. Stogner for clarification; (v) your response by letter dated June 8, 2000; and (vi) the records of the Division in Santa Fe: all concerning E.G.L. Resources, Inc.'s request to drill its proposed Oxy Yates "14" Federal Well No. 11 at an unorthodox gas well location 2570 feet from the North line and 2425 feet from the West line (Unit F) of Section 14, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico. The NW/4 of Section 14 is to be dedicated to the well in order to form a standard 160-acre gas spacing and proration unit for the Undesignated Russell-Lower Yates Gas Pool.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

From the explanation provided the requested unorthodox gas well location is being sought for both topographical and geological reasons.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location within the Undesignated Russell-Lower Yates Gas Pool for your proposed Oxy Yates "14" Federal Well No. 11 is hereby approved.

Sincerely,

Lori Wrotenberg
Director

LW/MES/kv

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