



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

January 11, 2000

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

Telefax No. (505) 983-6043

Administrative Order NSL-4388

Dear Mr. Carr:

Reference is made to your application dated January 3, 2000 on behalf of the operator, Yates Petroleum Corporation ("Yates"), for an exception to Rule 2 (b) of the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool*", as promulgated by New Mexico Oil Conservation Division ("Division") Order Nos. R-9922, R-9922-A, R-9922-B, R-9922-C, and R-9922-D and the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico*", as promulgated by Division Order No. R-5353, as amended. Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of Section 3, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico is to be dedicated to Yates' proposed well in order to form a standard 371.04-acre lay-down spacing and proration unit for the Indian Basin-Upper Pennsylvanian Associated Pool.

This application has been duly filed under the provisions of Division Rule 104.F and Rule 2 (c) of the Division's associated pool rules.

By the authority granted me under the provisions of Division Rule 104.F (2) and the applicable provisions of the special rules governing the Indian Basin-Upper Pennsylvanian Associated Pool the following described well to be drilled at an unorthodox location within the N/2 equivalent of Section 3 is hereby approved:

**Walt Canyon "AMA" Federal Well No. 3
1115' FNL & 810' FWL (Lot 4/Unit D)
(API No. 30-15-28319).**

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to the Indian Basin-Upper Pennsylvanian Associated Pool.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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