



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

March 23, 1990

Yates Petroleum Corporation
c/o Fisk & Vandiver
Seventh and Mahone/Suite E
Artesia, NM 88210

Attention: David R. Vandiver

Administrative Order NSL-2773

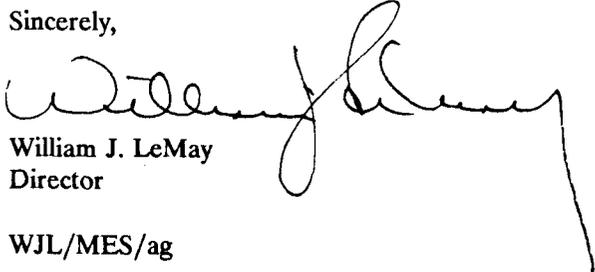
Dear Mr. Vandiver:

Reference is made to your application of March 23, 1990 for an unorthodox well location for the Undesignated South Dagger-Draw-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico.

By Division Order No. R-9015, dated October 12, 1989, authorization was given the applicant to drill their Saguaro "AGS" Federal Com. Well No. 1 at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 11, Township 20 South, Range 24 East, NMPM, to test the Undesignated Cemetery-Morrow Gas Pool, Eddy County, New Mexico. It is my understanding that at this time Yates proposes to plug-back from the Morrow zone and recomplete this well up-hole in the Canyon formation whereby the S/2 of said Section 11 shall be dedicated to said well forming a standard 320-acre gas or oil spacing and proration unit for said pool.

By the authority granted me under the provisions of the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/South Dagger Draw-Upper Pennsylvanian Associated Pool Rules as promulgated by Division Order No. R-5353, as amended, the above-described unorthodox location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Artesia
US Bureau of Land Management - Farmington



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SANTA FE, NEW MEXICO 87504
(505) 827-5800

April 27, 1990

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Ken Beardemphl

Administrative Order NSL-2773-A(SD)

Dear Mr. Beardemphl:

Reference is made to your application dated April 12, 1990 for an unorthodox oil well location for the Undesignated South Dagger-Draw Upper Pennsylvanian Associated Pool in the S/2 of Section 11, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico.

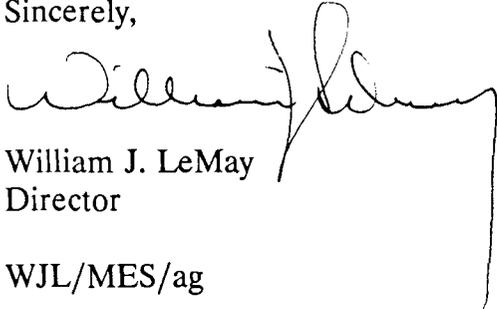
By Division Administrative Order NSL-2773, dated March 23, 1990, the applicant's Saguaro "AGS" Federal Com Well No. 1 was approved as an unorthodox oil well location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 11, for the Undesignated Dagger-Draw Upper Pennsylvanian Associated Pool, whereby the S/2 of said Section 11 was dedicated to said well forming a standard 320-acre gas or oil spacing and proration unit for said pool.

It is our understanding at this time that Yates is seeking to re-enter the Conoco, Inc. Debbie Well No. 1 located 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 11 and recomplete in the South Dagger-Draw Upper Pennsylvanian Gas Pool, whereby the production from said pool in the S/2 of said Section 11 will be simultaneously dedicated to both aforementioned wells.

At this time, the applicant has made a proper filing pursuant to the General Rule and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/South Dagger Draw-Upper Pennsylvanian Associated Gas Pool Rules as promulgated by Division Order No. R-5353, as amended, therefore the above-described unorthodox location and simultaneous dedication request is hereby approved.

Administrative Order NSL-2773-A(SD)
Yates Petroleum Corporation
April 27, 1990
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Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is fluid and cursive, with a long horizontal stroke extending to the right and a vertical line dropping down from the end.

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Artesia

REMARKS: Please contact the Artesia district office of the Division concerning a proper name for the subject well which meets the applicable rules and policies of the Division in this situation.