



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

September 10, 1996

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

Administrative Order NSL-3709

Dear Mr. Carr:

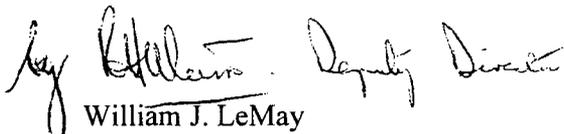
Reference is made to your application dated August 21, 1996 on behalf of the operator, Yates Petroleum Corporation, for an unorthodox location for both the Morrow formation and the South Dagger Draw Upper Pennsylvanian Associated Pool for the proposed Diamond "AKI" Federal Well No. 3. Said well to be drilled 2217 feet from the South line and 2013 feet from the West line (Unit K) of Section 34, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico.

The W/2 of said Section 34 is to be dedicated to said well thereby forming a standard 320-acre spacing and proration unit in the South Dagger Draw-Upper Pennsylvanian Associated Pool and the Undesignated Cemetery-Morrow Gas Pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of RULE 2(c) of 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, and Division General Rule 104.F(2), the above-described unorthodox location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

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