



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

January 6, 1997

Harvey E. Yates Company ("HEYCO")
P. O. Box 1933
Roswell, New Mexico 88202-1933
Attention: Shari A. Darr

Administrative Order NSL-3746(SD)

Dear Ms. Darr:

Reference is made to your application dated November 13, 1996 for an unorthodox "infill" Bone-Spring oil well location in an existing 40-acre standard oil spacing and proration unit for the Tamano-Bone Spring Pool comprising the SE/4 SE/4 (Unit P) of Section 2, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico. Said 40-acre unit is currently dedicated to the Mesquite "2" State Well No. 2 (API No. 30-015-25242) located at a standard oil well location 660 feet from the South and East lines of said Section 2.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within HEYCO's Mesquite "2" State lease to adequately drain reserves within the productive interval that might not otherwise be produced and to provide for a more efficient production pattern within the Tamano-Bone Spring Pool.

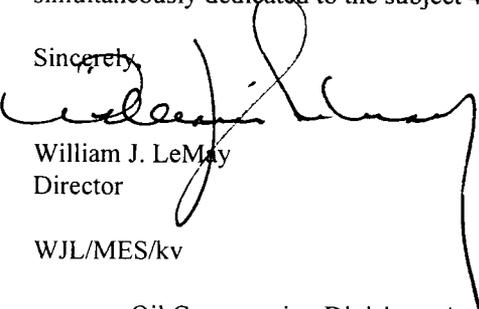
The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the following described well to be drilled at an unorthodox infill oil well location in said Section 2 is hereby approved:

**Mesquite "2" State Well No. 7
1310' FS & EL**

Further, Tamano-Bone Spring Pool oil production from the Mesquite "2" State Well Nos. 2 and 7 are to be simultaneously dedicated to the subject 40-acre tract.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe