



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

June 18, 1997

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: Robert Bullock

Administrative Order NSL-3805

Dear Mr. Bullock:

Reference is made to your application dated May 21, 1997 for a non-standard oil well location in the Undesignated Big Dog-Strawn Pool for your proposed Barry "ARD" State Well No. 1 to be drilled 330 feet from the North line and 1360 feet from the West line (Unit C) of Section 29, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico. The NE/4 NW/4 of said Section 29 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit for said pool.

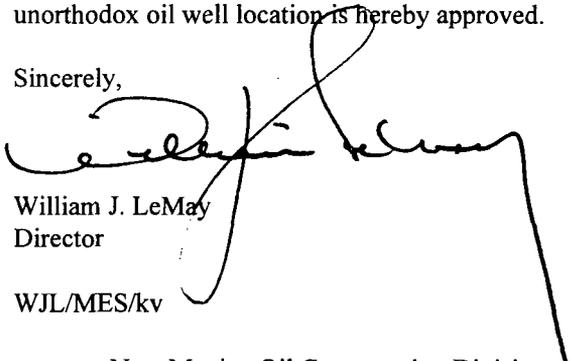
The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially productive interval of the Devonian formation than a well drilled at a location considered to be standard within the subject 40-acre oil spacing and proration unit.

Further, the N/2 of said Section 29 is a single State lease (VA1000) in which Yates Petroleum Corporation is the lessee; therefore, there are no effected offsets to the subject 40-acre tract other than Yates Petroleum Corporation.

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 Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

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