

NSL 1/2/98

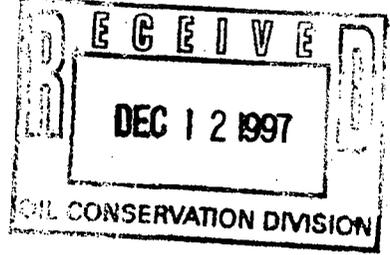
MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

December 10, 1997



New Mexico Energy, Minerals and  
Natural Resources Department  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Attention: Mr. William J. LeMay

Re: Unorthodox Well Location  
Preston Federal 35N Com. #23

Dear Mr. Le May:

Yates Petroleum Corporation hereby requests approval for an unorthodox well location in Eddy County, New Mexico for the captioned well, being 2230' FNL and 1980' FWL of Section 35, T20S-R24E. This well pad was originally staked at 1980' FNL and 1980' FWL and was at the bottom of Box Canyon. Mr. Barry Hunt with the Bureau of Land Management in Carlsbad, moved the well up top out of the draw to the 2230' FNL and 1980' FWL. Due to the topography of the area and the draw itself, there are not any orthodox locations available.

Therefore, we are asking for this unorthodox location as this is the only place suitable for a well location. We are not planning to put a tank battery at the location, but only the well head and a flowline to our proposed tank battery located to the southwest.

I have enclosed to copies of the topographical map and a C-102 however, if you should have any questions please call me at (505) 748-1471 or Mr. Barry Hunt at the BLM in Carlsbad, New Mexico at (505) 887-6544

Thank your for your concern in this matter.

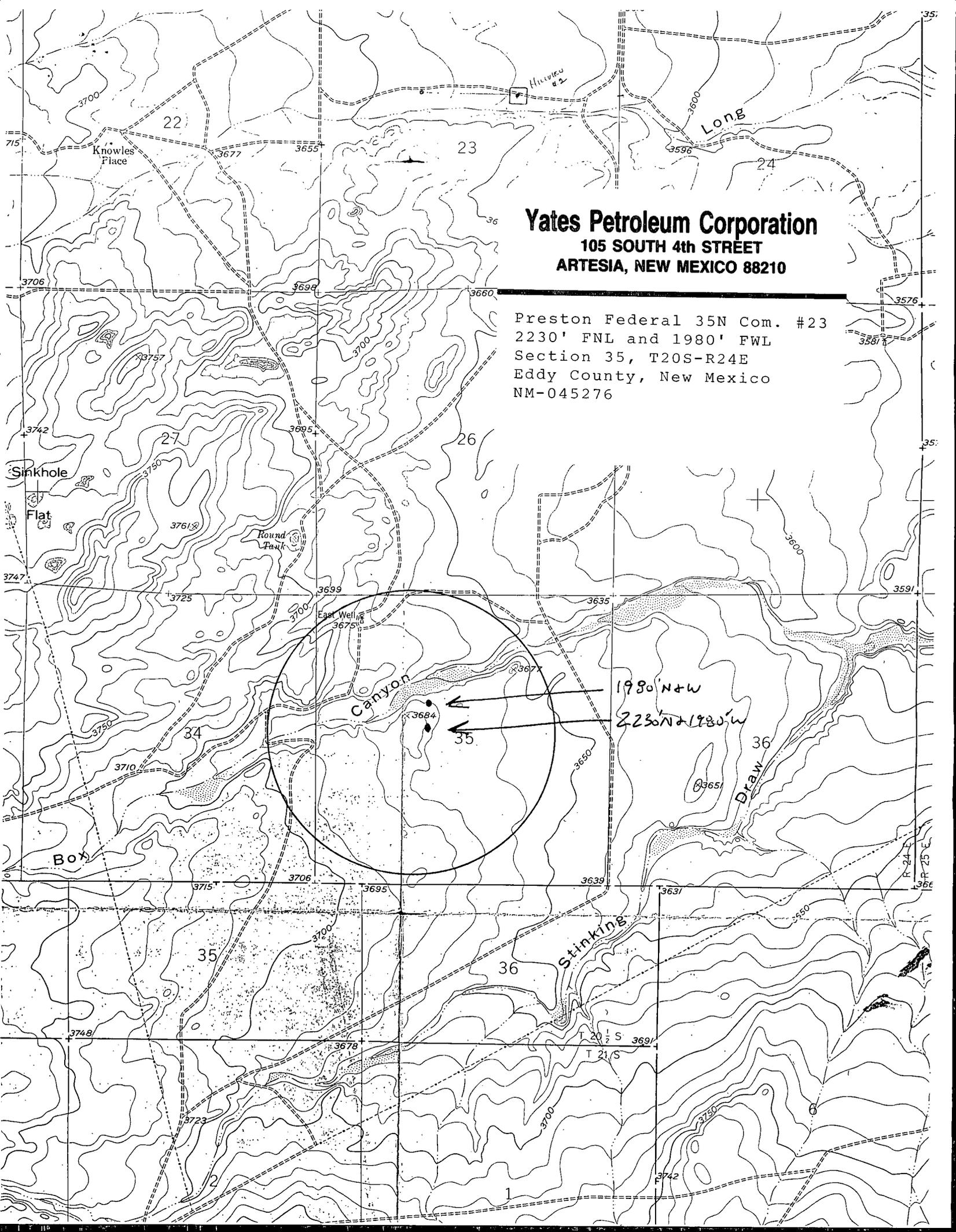
Very truly yours,

*Ken Beardemphl*  
Ken Beardemphl  
Landman

/cyc  
Enclosures

**Yates Petroleum Corporation**  
105 SOUTH 4th STREET  
ARTESIA, NEW MEXICO 88210

Preston Federal 35N Com. #23  
2230' FNL and 1980' FWL  
Section 35, T20S-R24E  
Eddy County, New Mexico  
NM-045276





District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-102  
 Revised February 10, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Dagger Draw Upper Penn, South
Property Code	Property Name	Well Number
025575	PRESTON FEDERAL 35N COM	23
OGRID No.	Operator Name	Elevation
	YATES PETROLEUM CORPORATION	3680.

10 Surface Location

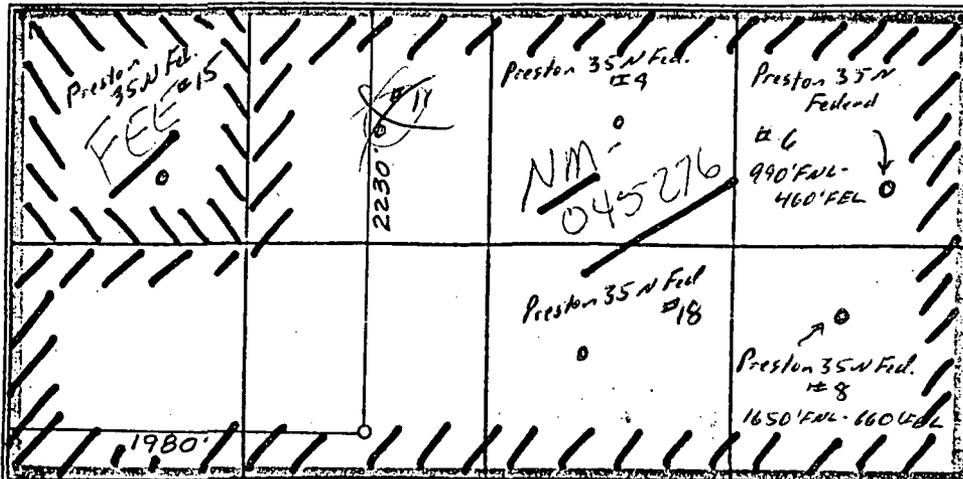
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
F	35	20-S	24-E		2230	NORTH	1980	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Ken Beardemphl*  
 Printed Name: Ken Beardemphl  
 Title: Landman  
 Date: August 5, 1997

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: AUGUST 4, 1997  
 Signature and Seal of Professional Surveyor:  
  
 Certificate Number: NM 87504-2088-8412



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

December 22, 1997

Morexco, Inc.  
P. O. Box 481  
Artesia, New Mexico 88211-0481  
Attention: Donald G. Becker, Jr.

*Administrative Order NSL-2924-A(SD)*

Dear Mr. Becker:

Reference is made to your complete application that was received by the New Mexico Oil Conservation Division ("Division") on December 1, 1997 for an unorthodox Eumont gas well location within an existing non-standard 160-acre gas spacing and proration unit ("GPU") for said Eumont Gas Pool comprising the SE/4 of Section 5, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Administrative Order NSP-397-A(L), dated August 15, 1995.

Eumont gas production from said GPU is currently dedicated to the J. R. Holt "B" Well No. 2 (API No. 30-025-31003), located at a previously approved unorthodox gas well location 1190 feet from the South line and 1195 feet from the East line (Unit P) of said Section 5 [see Division Administrative Order NSL-2924(SD) and NSP-397-A(L)].

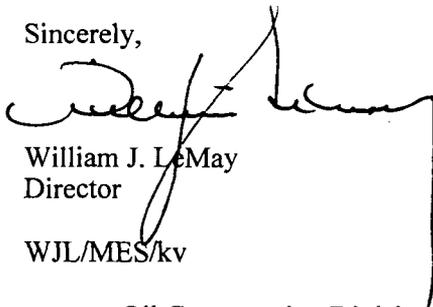
By the authority granted me under the provisions of **Rule 2(d)** of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool*," as promulgated by Division Order No. R-8170, as amended, the following described well to be drilled at an unorthodox Eumont gas well location is hereby approved:

*J. R. Holt "B" Well No. 3  
330' FSL - 2310' FEL (Unit O) of said Section 5.*

Also, Morexco, Inc. is hereby authorized to simultaneously dedicate Eumont Gas production from the J. R. Holt "B" Well No. 2 with the J. R. Holt "B" Well No. 3. Furthermore, you are hereby permitted to produce the allowable assigned the subject GPU from both wells in any proportion.

Further, all applicable provisions of said Division Administrative Orders NSL-2924(SD) and NSP-397-A(L) shall remain in full force and effect until further notice.

Sincerely,



William J. LeMay  
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs  
New Mexico State Land Office - Santa Fe  
File: NSL-2924(SD)  
NSP-397-A(L)  
NSP-397