



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

April 10, 1998

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

Administrative Order NSL-3996

Dear Mr. Carr:

Reference is made to the following: (i) your application to the Division dated March 27, 1998; (ii) your meeting in Santa Fe with Michael E. Stogner, Engineer with the New Mexico Oil Conservation Division ("Division") on Thursday, April 9, 1998; and, (iii) the records of the Division in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request for an unorthodox location in both the Hoag Tank-Morrow Gas Pool and the North Dagger Draw-Upper Pennsylvanian Pool for its proposed Roden "GD" Federal Com. Well No. 7. Said well is to be drilled 1550 feet from the South line and 660 feet from the East line (Unit I) of Section 26, Township 19 South, Range 24 East, NMPM, Eddy County, New Mexico.

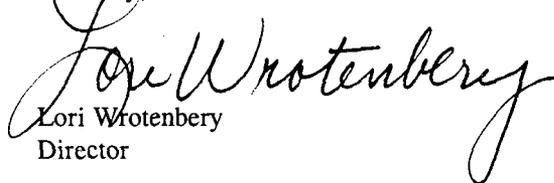
The SE/4 of said Section 26, being a standard 160-acre oil spacing and proration unit in the North Dagger Draw-Upper Pennsylvanian Pool, and the S/2 of said Section 26, being a standard 320-acre gas spacing and proration unit in the Hoag Tank-Morrow Gas Pool, are to be dedicated to said well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox location will be at a more favorable geologic position within both the North Dagger Draw-Upper Pennsylvanian Pool and the Hoag Tank-Morrow Gas Pool than a well drilled within the SE/4 of said Section 26 at a location considered to be standard for both pools.

This application has been duly filed under the provisions of Division General Rule 104.F.

By the authority granted me under the provisions of RULE 5 of the "*Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool*," as promulgated by Division Order No. R-4691, as amended, and Division General Rule 104.F(2), the above-described unorthodox location in both the North Dagger Draw-Upper Pennsylvanian Pool and the Hoag Tank-Morrow Gas Pool for Yates' Roden "GD" Federal Com. Well No. 7 is hereby approved.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

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