



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

February 11, 1988

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Dave F. Boneau

Re: Administrative
Order OLM-7

Dear Sir:

Reference is made to your letter dated January 7, 1988, whereby you requested authorization from the Division to meter the gas produced from the 10 wells described on Exhibit "A" attached to this order located in Chaves County, New Mexico, off lease at the locations where the wells tie into Transwestern Pipeline's system.

Inasmuch as double measurement would constitute economic waste, you are hereby authorized to meter the gas production from the wells described on Exhibit "A" off lease at the point where each well ties into Transwestern Pipeline's system (also described below) subject to the following conditions:

1. All flow lines shall be maintained in a safe and adequate condition and any leaks or failures must be reported to the Division.
2. All separation and liquids storage facilities shall be located on the originating lease.
3. The meters shall be read and maintained by the gas purchaser.
4. Federal and State approval is required where applicable.

In addition, all production, storage, transportation, sales, and other operations shall comply with Division Rules and Regulations. It is the responsibility of the operator to notify the transporter of this approval.

Sincerely,

William J. LeMay
Director

xc: OCD-Artesia
State Land Office- Oil & Gas Div.