



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

October 28, 1999

**Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118
Attention: Douglas W. Hurlbut**

Administrative Order NSL-4373(SD)

Dear Mr. Hurlbut:

Reference is made to the following: (i) your application dated October 26, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request for an exception to Rule 2(b) of the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool*", as promulgated by New Mexico Oil Conservation Division ("Division") Order Nos. R-9922, R-9922-A, R-9922-B, R-9922-C, and R-9922-D and the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico*", as promulgated by Division Order No. R-5353, as amended, for an infill well to be drilled at an unorthodox location within an existing 320-acre stand-up spacing and proration unit comprising the E/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.

This unit is currently dedicated to Yates' Malone "ASA" Federal Com. Well No. 1 (**API No. 30-015-30088**), located at a standard location 1800 feet from the North line and 1650 feet from the East line (Unit G) of Section 12.

The subject application has been duly filed under the provisions of Division Rule 104.F and Rule 2(c) of the Division's associated pool rules.

By the authority granted me under the provisions of: (i) Rule 2(c) of the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool/General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico*"; and (ii) Division Rule 104.F(2), the following described well to be drilled at an unorthodox infill location in Section 12 is hereby approved:

**Malone "ASA" Federal Well No. 2
660' FNL & 1310' FEL (Unit A)
(API No. 30-015-30769)**

Also, Yates is hereby authorized to simultaneously dedicate production attributed to the

Administrative Order NSL-4373(SD)
Yates Petroleum Corporation
October 28, 1999
Page 2

Indian Basin-Upper Pennsylvanian Associated Pool from the existing Malone "ASA" Federal Com. Well No. 1 with the proposed Malone "ASA" Federal Well No. 2. Furthermore, Yates is permitted to produce the allowable assigned the subject 320-acre spacing and proration unit from both wells in any proportion.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a small mark that looks like "by DR".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe