



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

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

August 18, 1999

**Yates Drilling Company
c/o Vandiver & Bowman, P.C.
611 West Mahone – Suite “E”
Artesia, New Mexico 8821
Attention: David R. Vandiver**

Administrative Order NSL-4344

Dear Mr. Vandiver:

Reference is made to the following: (i) your application dated August 4, 1999 on behalf of the operator, Yates Drilling Company (“Yates Drilling”); (ii) the New Mexico Oil Conservation Division’s (“Division”) initial response by letter dated August 9, 1999 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer, requesting additional information; (iii) your letter dated August 16, 1999 with attachments; and (iv) the Division's records in Santa Fe: all concerning Yates Drilling’s request for authorization to drill its Mule Train “16” State Com. Well No. 1 (API No. 30-015-30562) to test both the shallower Wolfcamp formation and the Undesignated Empire-Morrow Gas Pool at an unorthodox gas well location for both intervals 1500 feet from the North line and 1650 feet from the East line (Unit G) of Section 16, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The N/2 of Section 16 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for both intervals.

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

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

Lori Wrotenberg
Director

LW/MES/kv

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