

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



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

April 3, 1992

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

Attention: Mecca Mauritsen

Administrative Order NSL-536-A

Dear Ms. Mauritsen:

Reference is made to your application dated June 28, 1991 for a non-standard North Dagger Draw Upper Pennsylvanian oil well location for your existing Johnston "BE" Well No. 1 which was drilled in 1967 and presently completed in the Boyd Morrow Gas Pool at a previously approved unorthodox gas well location 330 feet from the North and East lines (Unit A) of Section 8, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. (Division Administrative Order NSL-536, dated February 14, 1972).

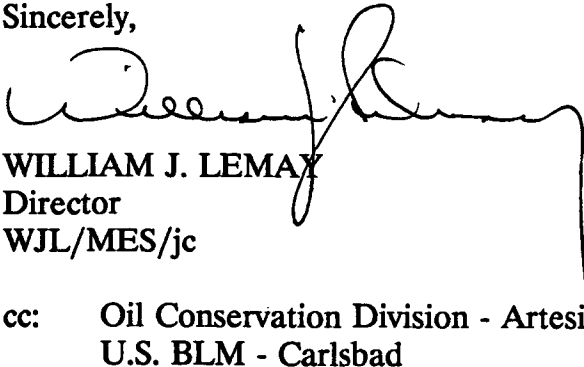
It is my understanding that the Morrow zone will be properly plugged back and said well will be recompleted to the Undesignated North Dagger Draw Upper Pennsylvanian Pool, which pursuant to the Special Rules and Regulations for the North Dagger Draw Upper Pennsylvanian Pool as promulgated by Division Order No. R-4691, as amended, is unorthodox. Further, the NE/4 of said Section 8 shall be dedicated to the well forming a standard 160-acre oil spacing and proration unit for said pool.

By authority granted me under the provisions of Rule 5 of said Division Order No. R-4691, as amended, the above described unorthodox oil well location is hereby approved.

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Both Administrative Orders NSL-535 and 536, which authorized this well as an unorthodox location in both the Cisco and Morrow formations, respectively, shall continue to be in full force and effect until further notice.

Sincerely,



WILLIAM J. LEMAX
Director
WJL/MES/jc

cc: Oil Conservation Division - Artesia
U.S. BLM - Carlsbad
NMSLO - Santa Fe
File: NSL-535
NSL-536