



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

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SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Yates Energy Corporation  
P.O. Box 2323  
Roswell, NM 88202

Attention: Sharon R. Hamilton

*Administrative Order NSL-2684-A(MC)*

Dear Ms. Hamilton:

Reference is made to your correspondence dated October 15, 22, 25, and November 1, 1990, New Mexico Oil Conservation Division letter dated October 22, 1990 and Ector Energy letter dated November 2, 1990 regarding administrative authorization for dual completion of Bandana Point Strawn Gas Pool and Undesignated East Hess Morrow Gas Pool production in the Desert Rose Federal Well No. 1, Eddy County, New Mexico and request to amend Division Administrative Order NSL-2684, dated August 14, 1989, which authorized the unorthodox location of said well 1740 feet from the South line and 660 feet from the East line (Unit I) of Section 27, Township 23 South, Range 23 East, NMPM, Undesignated East Hess-Morrow Gas Pool.

Now, on this 19th day of November, 1990, the Division Director finds that:

- (1) the application has been filed under the provisions of Division General Rule 112-A, III and IV for dually completed wells;
- (2) the mechanics of the proposed dual completion are feasible and consonant with good conservation practices;
- (3) the proposed recompletion will result in an unorthodox gas well location in a zone not previously covered by said Order NSL-2684;
- (4) the application has been filed under the provisions of Division General Rule 104.F.III and IV for an exception to the well location requirements of gas wells when the necessity for such unorthodox location is the result of the recompletion of a well previously drilled to a deeper horizon; and

- (5) the only offsetting operator to the proration unit, other than the applicant, has waived objection to this application.
- (6) the proposed dual completion and unorthodox location will not cause waste nor impair correlative rights;

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant herein, Yates Energy Corporation, be and the same is hereby authorized to dually complete its Desert Rose Federal Well No. 1 located 1740 feet from the South line and 660 feet from the East line (Unit I) of Section 27, Township 23 South, Range 23 East, NMPM, Eddy County, New Mexico, in such a manner as to permit production of gas from the Undesignated East Hess Morrow Gas Pool through a string of 2 3/8-inch tubing and the production of gas from the Bandana Point Strawn Gas Pool through the 4 1/2-inch casing/tubing annulus.

**PROVIDED HOWEVER THAT,** the applicant shall complete, operate and produce said well in accordance with the provisions of Rule 112-A.

**PROVIDED FURTHER THAT,** the applicant shall take packer-leakage tests upon completion and annually thereafter.

(2) Said recompletion up-hole to include the Strawn zone is deemed an unorthodox location, which, by authority granted me under the provisions of Rule 104.F.I. is hereby approved.

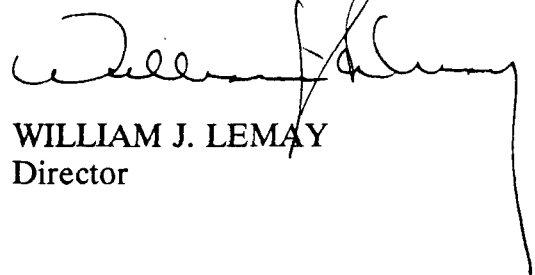
(3) All provisions of said original Order NSL-2684, dated August 14, 1989, shall remain in full force and effect until further notice.

**IT IS FURTHER ORDERED THAT,** jurisdiction of this cause is hereby retained for the entry of such further orders as the Division may deem necessary.

*Administrative Order NSL-2684-A(MC)*  
*Yates Energy Corporation*  
*November 19, 1990*  
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name and title. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM J. LEMAY  
Director

WJL/MES/ag

cc: Oil Conservation Division - Artesia  
US Bureau of Land Management - Carlsbad