



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

GARREY CARRUTHERS
GOVERNOR

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

August 17, 1990

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Clifton R. May

Administrative Order NSL-2846(NSP)

Dear Mr. May:

Reference is made to your application dated June 25, 1990 for a non-standard gas well location for your Lagarto State Unit Well No. 3 located 660 feet from the South and West lines (Unit M) of Irregular Section 1, Township 11 South, Range 34 East, NMPM, to test the Undesignated Sand Springs Atoka Gas Pool, Lea County, New Mexico. All of said Section 1 shall be dedicated to the well forming a non-standard 388.88-acre gas spacing and proration unit.

It is our understanding that the subject well was originally drilled to a total depth of 13,206 feet in 1957 by Sinclair Oil and Gas Company to test the Devonian formation for oil at said standard oil well location. From November 1957 to January 1959 said well produced from the Sand Springs Devonian Pool and was subsequently plugged and abandoned in February 1959. Further, it is our understanding that Yates is proposing to re-enter this well, clean out to a depth of 12,800 feet and test the Undesignated Sand Springs Akota Gas Pool.

At this time the applicant has made a proper filing pursuant to Division General Rules 104.F.III and 104.D. Also during the prescribed waiting period, the Division has not received any objection to this application.

Administrative Order NSL-2846(NSP)

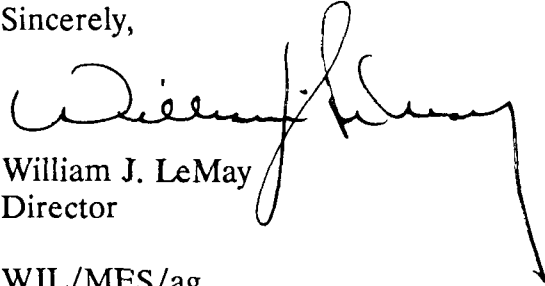
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Therefore, the above-described unorthodox gas well location and gas spacing and proration unit are hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is fluid and cursive, with a long horizontal stroke extending to the right and a downward arrow-like stroke at the end.

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe