



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

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

November 22, 1992

Yates Petroleum Company  
105 South Fourth Street  
Artesia, NM 88210

Attention: Ken Beardemphl

*Administrative Order NSL-3198*

Dear Mr. Beardemphl:

Reference is made to your application dated October 22, 1992 for an unorthodox Morrow gas well location underlying the N/2 of Section 17, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

It is our understanding at this time that Yates is seeking to re-enter the previously plugged and abandoned Pan American Petroleum Corporation I.T. Hollowell "A" USA Well No. 1 (to be redesignated by Yates as the Hickory "ALV" Federal Well No. 1) located 1650 feet from the North and West lines (Unit F) of said Section 17, which was originally drilled in 1965 to test the Pennsylvanian formation at a total depth of 10,295 feet whereby all of said Section 17 was dedicated to form a standard 640-acre gas spacing and proration unit for the Indian Basin-Upper Pennsylvanian Pool. Subsequently, the well was determined to be dry and was properly plugged and abandoned. At the time, Pan American drilled this well, the location was considered standard for the Indian Basin-Upper Pennsylvanian Pool, but was an unorthodox Morrow test. There is no record that an unorthodox location request was ever filed for the Morrow interval.

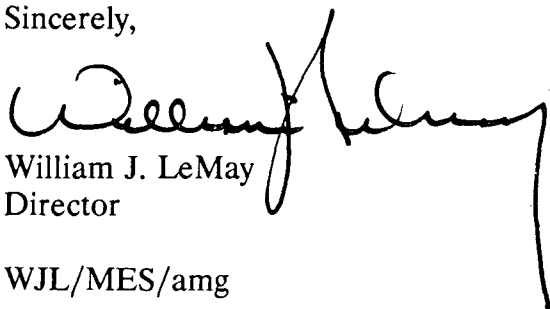
At this time, the applicant has made a proper filing pursuant to Division General Rule 104.F(3) and (4), also during the required twenty-day waiting period, the Division has not received any objection to this application.

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Therefore, the above-described unorthodox Morrow gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', with a long, sweeping horizontal stroke extending to the right.

William J. LeMay  
Director

WJL/MES/amg

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