



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

February 6, 1996

Yates Energy Corporation
P. O. Box 2323
Roswell, New Mexico 88202
Attention: Kirk Ross

Administrative Order NSL-3629

Dear Mr. Ross:

Reference is made to your application dated January 3, 1996, as amended by letter dated January 24, 1996, for approval to drill the Diamondback Federal Well No. 1 at an unorthodox gas well location to test the Morrow formation 2320 feet from the North line and 500 feet from the East line (Unit H) of Section 19, Township 24 South, Range 24 East, NMPM, Eddy County, New Mexico. The E/2 of said Section 19 shall be dedicated to the well to form a standard 320-acre gas spacing and proration unit.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

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

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/mes

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad