



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 8, 1997

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: Chuck Moran

Administrative Order NSL-3911

Dear Mr. Moran:

Reference is made to your application dated November 25, 1997 for a non-standard oil well location for your proposed Unforgiven "ARZ" State Well No. 1 to be drilled 2350 feet from the South line and 1800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the NE/4 SW/4 of said Section 11.

Further, all of said Section 11 is a single State lease (Lease No. V-04699) in which Yates Petroleum Corporation ("Yates") is the leasehold operator; therefore, there are no affected offsets to the subject 40-acre tract within the Devonian interval other than Yates.

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").

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

Sincerely,

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

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe