



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

May 4, 1998

Harvey E. Yates Company  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

*Administrative Order NSL-4026*

Dear Mr. Bruce:

Reference is made to the following: (i) your original application to the Division, dated April 3, 1998, on behalf of the operator Harvey E. Yates Company ("HEYCO"); (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner dated April 6, 1998; (iii) your response dated April 8, 1998; and, (vi) the records of the Division in Santa Fe: all concerning HEYCO's request for a non-standard gas well location in the Undesignated La Rica-Morrow Gas Pool for the proposed Fontaine "28" State Com. Well No. 1 to be drilled 1200 feet from the South line and 1650 feet from the West line (Unit N) of Section 28, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico.

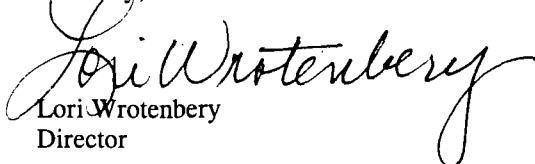
All of said Section 28 being a standard 640-acre gas spacing and proration unit for said pool is to be dedicated to said well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard.

The application has been duly filed under the provisions of **RULE 104.F** of the general statewide Rules and Regulations of the New Mexico Oil Conservation Division.

By the authority granted me under the provisions of **RULE 5** of the "*Special Rules and Regulations for the La Rica-Morrow Gas Pool*," as promulgated by Division Order No. R-4058, dated November 10, 1970, as amended by Division Order No. R-4523, dated May 17, 1973, and Division General **RULE 104.F(2)**, the above-described unorthodox gas well location is hereby approved.

Sincerely,

  
Lori Wrotenberg  
Director

LW/MES/kv

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