



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

February 17, 1998

Yates Petroleum Corporation  
c/o Campbell, Carr, Berge & Sheridan, P. A.  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

RE: Administrative application for an unorthodox Wolfcamp gas well location: Palo Verde "AJV" Federal Com. Well No. 1 (API No. 30-015-26907), located 760 feet from the South line and 660 feet from the West line (Unit M) of Section 24, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico.

Dear Mr. Carr:

In reviewing the subject application dated February 16, 1998 I found that the Cemetery-Wolfcamp Gas Pool comprises the N/2 of Section 25, Township 20 South, Range 24 East, NMPM, and the N/2 and SE/4 of Section 30, Township 20 South, Range 25 East, NMPM, all in Eddy County, New Mexico. This pool was created, defined, and designated by Division Order No. R-5015, issued in Case 5484, dated May 28, 1975, and made effective on June 1, 1975; therefore, the Wolfcamp interval underlying the S/2 of said Section 24 is subject to Division General Rule 104.C(2)(a), which states:

"Gas Wells. Unless otherwise provided in special pool rules, each development well for a defined gas pool in a formation younger than the Wolfcamp formation, or in the Wolfcamp formation which was created and defined by the Division prior to November 1, 1975, or in a Pennsylvanian age or older formation which was created and defined by the Division prior to June 1, 1964, shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tracts nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool."

This makes the subject Wolfcamp well location for the Palo Verde "AJV" Federal Com. Well No. 1 "standard" but the dedicated acreage "160 acres". Please contact me as to Yates' intention. Should you have any questions, please contact me at (505) 827-8185.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

MES/ku

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

