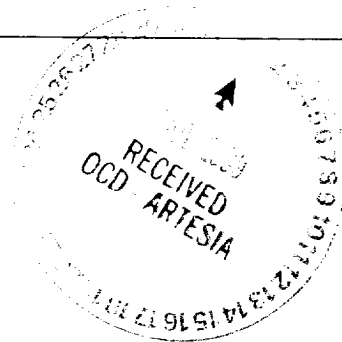




**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

10769 - 120000  
OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

October 28, 1999



**Yates Petroleum Corporation**  
105 South Fourth Street  
Artesia, New Mexico 88210-2118  
Attention: Douglas W. Hurlbut

**Administrative Order NSL-4373(SD)**

Dear Mr. Hurlbut:

Reference is made to the following: (i) your application dated October 26, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request for an exception to Rule 2(b) of the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool*", as promulgated by New Mexico Oil Conservation Division ("Division") Order Nos. R-9922, R-9922-A, R-9922-B, R-9922-C, and R-9922-D and the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico*", as promulgated by Division Order No. R-5353, as amended, for an infill well to be drilled at an unorthodox location within an existing 320-acre stand-up spacing and proration unit comprising the E/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.

This unit is currently dedicated to Yates' Malone "ASA" Federal Com. Well No. 1 (**API No. 30-015-30088**), located at a standard location 1800 feet from the North line and 1650 feet from the East line (Unit G) of Section 12.

The subject application has been duly filed under the provisions of Division Rule 104.F and Rule 2(c) of the Division's associated pool rules.

By the authority granted me under the provisions of: (i) Rule 2(c) of the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool/General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico*"; and (ii) Division Rule 104.F(2), the following described well to be drilled at an unorthodox infill location in Section 12 is hereby approved:

**Malone "ASA" Federal Well No. 2**  
**660' FNL & 1310' FEL (Unit A)**  
**(API No. 30-015-30769)**

24910

Also, Yates is hereby authorized to simultaneously dedicate production attributed to the