



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

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

January 11, 2000

**Yates Petroleum Corporation
c/o Cambell, Carr, Berge & Sheridan, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr**

Telefax No. (505) 983-6043

Administrative Order NSL-4387(SD)

Dear Mr. Carr:

Reference is made to the following: (i) your application dated January 3, 2000 on behalf of the operator Yates Petroleum Corporation ("Yates"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning 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 lay-down spacing and proration unit comprising the S/2 of Section 3, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

This unit is currently dedicated to Yates' Walt Canyon "AMA" Federal Well No. 1 (API No. 30-015-10305), located at a standard location 990 feet from the South line and 2310 feet from the East line (Unit O) of Section 3.

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 Division Rule 104.F (2) and the applicable provisions of the special rules governing the Indian Basin-Upper Pennsylvanian Associated Pool the following described well to be drilled at an unorthodox infill location within this 320-acre unit is hereby approved:

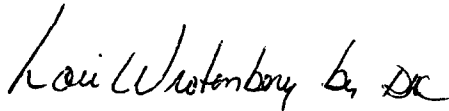
**Walt Canyon "AMA" Federal Well No. 2
1450' FSL & 790' FWL (Unit L) of Section 3
(API No. 30-015-28129).**

Administrative Order NSL-4387(SD)
Yates Petroleum Corporation
January 11, 2000
Page 2

Yates is hereby authorized to simultaneously dedicate production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool from its existing Walt Canyon "AM" Federal Well No. 1 with its proposed Walt Canyon "AMA" Federal Well No. 2. Furthermore, Yates is permitted to produce the allowable assigned the subject 320-acre spacing and proration unit from both wells in any proportion.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a small mark that looks like "LW".

Lori Wrotenbery
Director

LW/MES/kv

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