



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

June 23, 1999

Yates Petroleum Corporation  
c/o Vandiver & Bowman, P. A.  
611 West Mahone - Suite "E"  
Artesia, New Mexico 88210-2075  
Attention: David R. Vandiver

Telefax No. (505) 746-4208

*Administrative Order NSL-4316*

Dear Mr. Vandiver:

Reference is made to your application dated June 15, 1999 on behalf of the operator, Yates Petroleum Corporation, for its proposed Lucky Lobo "ASX" Federal Com. Well No. 1 (API No. 30-015-30667) to be drilled at an unorthodox Morrow gas well location 1780 feet from the North line and 990 feet from the West line (Unit E) of Section 33, Township 16 South, Range 27 East, NMPM, Eddy County, New Mexico.

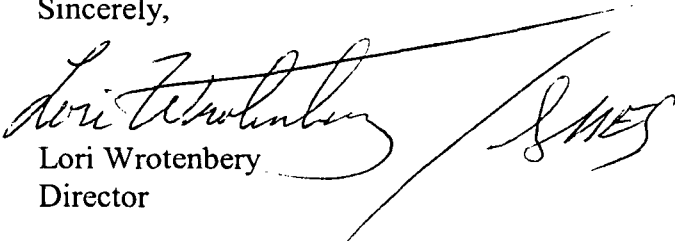
The N/2 of Section 33, being a standard 320-acre lay-down gas spacing and proration unit for the Undesignated Crow Flats-Morrow Gas Pool, is to be dedicated to this well.

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 within the NW/4 of Section 33.

The application has been duly filed under the provisions of New Mexico Oil Conservation Division ("Division") Rule 104.F.

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

Sincerely,

  
Lori Wrotenbery  
Director

LW/MES/kv

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