



Attachment 3

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

January 12, 1973

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

RECEIVED JAN 15 1973

Yates Petroleum Corp.
Yates Building
207 South 4th Street
Artesia, New Mexico 88210

Attention: Mr. Eddie M. Mahfood

Administrative Order No. TX-36

Gentlemen:

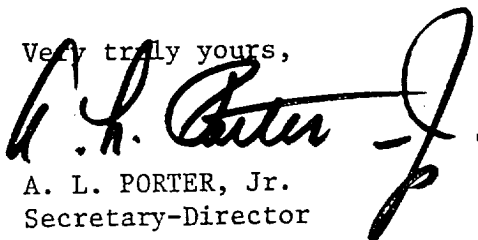
Reference is made to your letter dated January 10, 1973, wherein you requested an exception to Rule 107(d) (2) of the Commission Rules and Regulations to permit the production of gas from the Slaughter zone of the Penasco Draw San Andres-Yeso Pool through 4 1/2" x 7" casing-casing annulus of your Greasewood BD State Com Well No. 1, located in Unit F of Section 5, Township 19 South, Range 25 East, Eddy County, New Mexico. Upon classification of the well as a gas well, you would dedicate to it the N/2 of said Section 5.

While you do not mention the gas-liquid ratio of the Slaughter completion, we assume that it is above the 10,000 cubic feet classification point for this pool.

Your request for the annular flow is hereby approved, provided however, that the Commission reserves the right to rescind this authority in the event that liquids or other production problems should indicate that the annular flow is not in the best interest of conservation.

Upon dedication of 320 acres to the well, the well will receive a gas allowable of $320/40 \times 3000 \times 80$ or 1,920,000 cubic feet per day as long as the market demand remains at 100 percent, and as long as there are no other wells in this pool on the same 320-acre tract.

Very truly yours,


A. L. PORTER, Jr.
Secretary-Director

ALP/DSN/dr

cc: Oil Conservation Commission - Artesia
Oil & Gas Engineering Committee - Hobbs