



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

**L. CONSERVATION DIVISION
DISTRICT 1 HOBBS
PO BOX 1980, Hobbs, NM 88241
(505) 333-6161
FAX (505) 333-0720**

Jennifer A. Salisbury
CABINET SECRETARY

3/26/99

Clifton May
Regulatory Agent
Yates Petroleum Corp.
105 S. 4th St.
Artesia, NM 88210

Dear Sir:

Condition of approval:
Runnels ASP #3
API # 30-025-02786
UL A 11-16S-35E

Be aware that the approval of this directional drill is based on the current C-102 Plat of 3/25/99 and that the allowable for this well could be based on 80 instead of 160 acres depending on where the directional survey shows the actual bottom hole location. If the well bore should deviate to the east or drilling should stop short of the proposed bottom hole location it could be a standard location for 80 acre standup proration unit.

Sincerely,

A handwritten signature in cursive script that reads "Chris Williams".

Chris Williams
District 1 Supervisor