



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

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

December 11, 1998

**Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210**

Telefax No. (505) 748-4585

Attention: Morris Keith

Administrative Order NSL-4177(MC)

Dear Mr. Keith:

Reference is made to the following: (i) your initial application for Yates Petroleum Corporation ("Yates") to the New Mexico Oil Conservation Division (Division") for multiple completion filed on Division Form C-107 and dated November 24, 1998; (ii) the Division's response to this application by letter from Mr. Michael E. Stogner, Engineer in the Division's Santa Fe office, dated November 30, 1998; (iii) Yates' application for a well location exception filed by Mr. Robert Bullock on December 8, 1998; (iv) your supplemental technical data submitted on December 9, 1998 to support Division Form C-107; (v) your various telephone conversations with and voice mail messages left for Mr. Stogner; and, (vi) the records of the Division in Santa Fe: all concerning Yates' request for:

- (1) an unorthodox well location in both the Undesignated North Shoe Bar-Atoka Gas Pool and the Undesignated North Shoe Bar Strawn Pool for Yates' existing Runnels "ASP" Well No. 2 (API No. 30-025-34443), located 1650 feet from the South line and 2270 feet from the East line (Unit J) of Section 11, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico; and,
- (2) an exception to Division Rule 112-A.C for authorization to dually complete this well in such a manner as to permit the production of oil from the Strawn interval through a string of 2-7/8 inch tubing and the production of gas through the 5-1/2 inch casing/tubing annulus.

The SE/4 of Section 11, being a standard 160-acre oil spacing and proration unit in the Undesignated North Shoe Bar-Strawn Pool, and the E/2 of Section 11, being a standard 320-acre gas spacing and proration unit in the Undesignated North Shoe Bar-Atoka Gas Pool, are to be dedicated to this well.