

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 19: All

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 1: W/2

Sections 2 through 5: All

Sections 8 through 11: All

Section 12: W/2

Section 13: W/2

Sections 14 through 17: All

Section 21: N/2

Section 22: All;

(9) The Indian Basin-Upper Pennsylvanian Gas Pool is a prorated gas pool currently governed by the “*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool*,” as promulgated by Division Order No. R-8170, as amended, which require standard 640-acre spacing and proration units (“GPU”) with wells to be located no closer than 1650 feet from the outer boundary of the GPU nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary;

(11) Division Order No. R-9922-D, issued in Case No. 12006 and dated December 7, 1998, adjusted the pool boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Upper Pennsylvanian Associated Pool (which special pool rules requires 320-acre spacing) and pre-approved a non-standard 320-acre gas spacing and proration unit for the W/2 equivalent of Section 1, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, for the Indian Basin-Upper Pennsylvanian Gas Pool;

(12) Gas production attributed to the Indian Basin-Upper Pennsylvanian Gas Pool from the proposed Zingaro AANG@ Federal Well No. 4 is to be dedicated to the previously approved 336.57-acre non-standard gas spacing and proration that comprises Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 1, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico;

(13) The subject application has been duly filed under the provisions of Division Rule 104.F; and,

(14) By the authority granted me under the provisions of: (i) **RULE 2(d)** of the “*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool*,” as promulgated by Division Order No. R-8170, as amended, and Division General **RULE 104.F(2)**, the subject application for the above-described unorthodox gas well location is hereby approved.

It Is Therefore Ordered That:

(1) Yates Petroleum Corporation is hereby authorized to drill its Zingaro “ANG”