



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

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

November 2, 1999

**Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118
Attention: Robert Bullock**

Administrative Order NSL-4376(NSP)

Dear Mr. Bullock:

Reference is made to the following: (i) your initial application dated October 15, 1999; (ii) the records of the New Mexico Oil Conservation Division in Santa Fe ("Division"); (iii) your supplemental information submitted by telefax on November 2, 1999; and (iv) Mr. William F. Carr's telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division on Tuesday, November 2, 1999: all concerning Yates Petroleum Corporation's ("Yates") request to reenter the plugged and abandoned Supron Energy Corporation Tenneco State Well No. 1 (API No. 30-025-25169), located 2310 feet from the South line and 330 feet from the East line (Unit I) of irregular Section 1, Township 11 South, Range 34 East, NMPM, Lea County, New Mexico.

This well, to be redesignated the Southern Union "ATO" State Well No. 1 by Yates, was originally drilled to a total depth of 13,370 feet in 1975 in order to test the deeper Devonian formation for oil whereby it was deemed non-commercial and was subsequently plugged and abandoned.

It is our understanding that Yates now intends to reenter this well using a pulling unit, clean out the existing hole, and test the Mississippian formation for gas production.

All of irregular Section 1 is to be dedicated to this well in order to form a non-standard 388.88-acre gas spacing and proration unit.

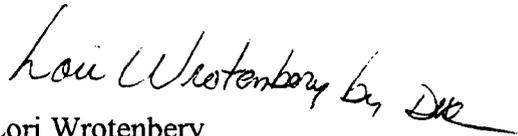
At this time the application has made an adequate filing pursuant to Division Rules 104.F and 104.D, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

Therefore, the above-described unorthodox Mississippian gas well location and non-standard 388.88-acre gas spacing and proration unit are hereby approved.

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Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenberg by DDE". The signature is written in dark ink and is positioned above the typed name.

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe