



Case No. 12498

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

December 31, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
c/o **Holland & Hart L.L.P.**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: Michael H. Feldewert
mfeldewert@hollandhart.com

Administrative Order NSL-4973

Dear Mr. Feldewert:

Reference is made to the following: (i) your application on behalf of the operator, Yates Petroleum Corporation ("Yates") dated December 10, 2003 (*administrative application reference No. pLR0-334535070*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe and Artesia, including the file on Division Case No. 12498 (see Division Order No. R-11521); all concerning Yates's request to amend a previously approved order by the Division for an unorthodox Morrow gas well location by expanding the vertical limits of the provisions in the order to include any and all formations and/or pools from the top of the Wolfcamp formation to the top of the Morrow formation that are:

- (1) developed on 320-acre spacing; and
- (2) governed under the provisions of Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

Division Order No. R-11521, dated January 31, 2001, authorized Yates to drill its Chosa "ATR" Federal Well No. 1 (**API No. 30-015-31215**) at an unorthodox Morrow gas well location 2250 feet from the South line and 1060 feet from the West line (Unit L) of Section 8, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico, whereby the W/2 of Section 8 was dedicated in order to form a standard 320-acre stand-up deep gas spacing unit for the Chosa Draw-Morrow Gas Pool (**74900**).

Your application for Yates to administratively amend Division Order No. R-11521 has been duly filed under the provisions of Division Rule 104.F, as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox deep gas well location for Yates's existing Chosa "ATR" Federal Well No. 1 within this 320-acre standard stand-up deep gas spacing unit comprising the W/2 of Section 8, to be applicable to any and all formations and/or pools from the top of the Wolfcamp formation to the top of the Morrow formation, is hereby approved.

Further, all provisions of Division Order No. R-11521 shall remain in full force and effect until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad
File: Division Case No. 12498