



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

July 25, 2001

Yates Petroleum Corporation
c/o Holland & Hart LLP and Campbell & Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL-4407-A

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Yates Petroleum Corporation ("Yates"), dated July 23, 2001; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates's request to amend an existing order of the Division approving an unorthodox deep Morrow gas well location by expanding the vertical limits of the provisions in this order to include the Wolfcamp formation.

This application (*assigned NMOCD Reference No. pKRV0-120540007*) to amend Division Administrative Order NSL-4407 has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By Division Administrative Order NSL-4407, dated February 14, 2000, Yates received authorization to reenter the Wings "AUT" State Well No. 1 (**API No. 30-025-23639**), located 560 feet from the South line and 660 feet from the West line (Unit M) of Section 17, Township 15 South, Range 32 East, NMPM, Lea County, New Mexico, which had been plugged and abandoned in 1970, and deepen it to an approximate depth of 12,700 feet in order to test the Undesignated North Feather-Morrow Gas Pool within a standard 320-acre lay-down gas spacing and proration unit comprising the S/2 of Section 17.

It is our understanding that Yates reentered this well in June, 2000 and deepened it to a total depth of 12,700 feet and successfully completed it in the North Feather-Morrow Gas Pool. It is understood that Yates intends at this time to abandon the Morrow interval and recomplete up-hole into the Wolfcamp formation in order to test for gas production. Pursuant to Division Rule 104.C (2) (a) however this location is also considered to be non-standard for a Wolfcamp gas well within the S/2 of Section 17.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Wolfcamp gas well location for the Wings "AUT" State Well No. 1 is hereby approved.

Further, Division Administrative Order NSL-4407 dated February 14, 2000 is hereby placed

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Yates Petroleum Corporation

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in abeyance until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenberg" followed by a stylized monogram or initials.

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-4407