



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 19, 1998

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Telefax No. (505) 748-4572

Attention: Robert Bullock

CORRECTED Administrative Order NSL-4165

Dear Mr. Bullock:

Reference is made to the following: (i) your application dated October 6, 1998; (ii) the New Mexico Oil Conservation Division's ("Division") initial response to this application by letter from Mr. Michael E. Stogner dated October 14, 1998 notifying you that an Application for Permit to Drill ("APD") within the same acreage had already been approved for Southwestern Energy Production Company and that any further action by the Division would be inappropriate; (iii) your note faxed to this office on November 18, 1998 inquiring as to the status of this application; and, (iv) the records of the Division in both the Santa Fe and Artesia offices: all concerning Yates Petroleum Corporation's ("Yates") request for an unorthodox Morrow gas well location for the proposed Duke "ARP" Federal Com. Well No. 1 (API No. 30-015-30476) to be drilled 1980 feet from the South line and 990 feet from the West line (Unit L) of Section 14, Township 17 South, Range 27 East, NMPM, Undesignated Logan Draw-Morrow Gas Pool, Eddy County, New Mexico.

The S/2 of Section 14, being a standard 320-acre gas spacing and proration unit for this pool, is to be dedicated to the well.

The application has been duly filed under the provisions of Division General Rule 104.F.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard within the proposed standard 320-acre gas spacing and proration unit.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox Morrow gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
New Mexico State Land Office - Santa Fe
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe