



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 25, 1998

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88201

Telefax No. (505) 748-4572

Attention: Chuck Moran

Administrative Order NSL-4172

Dear Mr. Moran:

Reference is made to your application dated November 19, 1998, which was received by the New Mexico Oil Conservation Division's ("Division") Santa Fe office on November 24, 1998, and to the records of the Division for a non-standard gas well location to be applicable to any and all formations and/or pools developed on 320-acre spacing from the base of the San Andres formation to the base of the Morrow formation, which presently includes but is not necessarily limited to the Logan Draw Cisco-Canyon Gas Pool, Undesignated Red Lake-Pennsylvanian Gas Pool, Undesignated Kennedy Farms-Atoka Gas Pool, Undesignated Logan Draw-Morrow Gas Pool, and Undesignated West Logan Draw-Morrow Gas Pool for Yates Petroleum Corporation's ("Yates") proposed Dosequis "ASQ" Federal Com. Well No. 1 (API No. 30-015-30464) to be drilled 660 feet from the South and East lines (Unit P) of Section 30, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico. Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 30 is to be dedicated to this well to order to form a standard 319.51-acre gas spacing and proration unit.

It is our understanding that Yates intends to drill this well to a total depth of approximately 9,400 feet in order to test down to the Morrow formation. 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 subject 319.51-acre gas spacing and proration unit.

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

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

Sincerely,

A handwritten signature in cursive script, reading "Lori Wrotenbery" followed by a large flourish that includes the letters "LWES".

Lori Wrotenbery
Director

LW/MES/kv

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