



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

April 15, 2003

Lori Wrotenbery

Director

Oil Conservation Division

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

Telefax No. (505) 983-6043

Administrative Order NSP-1415-A

Dear Mr. Carr:

Reference is made to the following: (i) your application dated March 24, 2003 (*administrative application reference No. pKRV0-308629807*) on behalf of the operator, Yates Petroleum Corporation ("Yates"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file on Division Administrative Order NSP-1415: all concerning Yates's request for the formation of the following described non-standard 166.40-acre, more or less, deep gas spacing unit to be applicable to any and all formations from the top of the Wolfcamp formation to the top of the Pre-Cambrian, subject to 320-acre spacing and 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:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Irregular Section 3: All.

This unit is to be dedicated to Yates's plugged and abandoned James "YY" Federal Well No. 1 (API No. 30-005-62135), located at a standard gas well location pursuant to Division Rule 104.C (2) (a), as revised, 660 feet from the South line and 750 feet from the West line (Lot 4/Unit D) of irregular Section 3.

This application has been duly filed under the provisions of Division Rule 104.D (2), as revised.

Our records indicate that Yates initially drilled this well in 1984 to a total depth of 4,300 feet to test the Pecos Slope-Abo Gas Pool (82730). Pursuant to the rules governing the Pecos Slope-Abo Gas Pool at that time, the location of the James "YY" Federal Well No. 1 was considered to be standard within an approved non-standard Abo gas spacing unit comprising the aforementioned 166.4 acres, more or less (see Division Administrative Order NSP-1415, dated June 29, 1984). This well tested dry and was subsequently plugged and abandoned.

It is further understood that Yates now intends to reenter this well, to be redesignated the

Administrative order NSP-1415-A
Yates Petroleum Corporation
April 15, 2003
Page 2

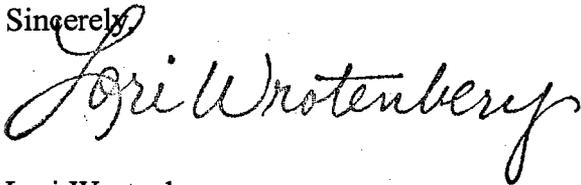
Bobwhite "BBH" Federal Com. Well No. 1, and deepen it to a depth of 5,480 feet.

By the authority granted me under the provisions of Division Rule 104.D (2) (b), as revised, the above-described 166.40-acre, more or less, non-standard deep gas spacing unit for any and all formations from the top of the Wolfcamp formation to the top of the Pre-Cambrian is hereby approved.

Division Administrative Order NSP-1415 shall be placed in abeyance until further notice.

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

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Roswell
File: NSP-1415