



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

February 9, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118
Attention: Robert Bullock

Administrative Order NSL-4551

Dear Mr. Bullock:

Reference is made to the following: (i) your application dated January 10, 2001; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request to drill its Hytech "AUM" State Well No. 3 at an unorthodox wildcat Devonian oil well location 1500 feet from the North line and 1000 feet from the East line (Unit E) of Section 2, Township 10 South, Range 34 East, NMPM, Pool, Lea County, New Mexico.

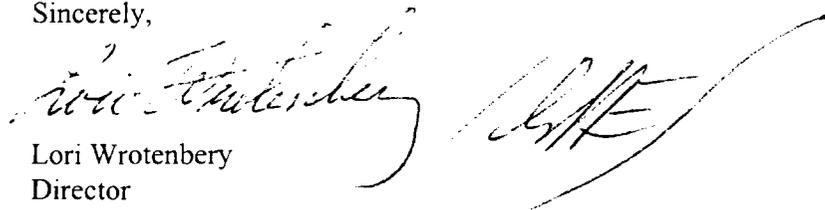
This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that Yates is seeking this location exception based on a 3-D seismic survey of the immediate area, whereby it contends that a well drilled at this location, will be at a more favorable geologic position within the Devonian formation underlying the subject 40-acre unit.

Further, it appears that the area comprising all of Section 2 is a single state lease issued by the New Mexico State Land Office (State Lease No. VA-1338) in which Yates is the leasehold operator; therefore, it is assumed that there are no effected offsets to the subject 40-acre tract other than Yates.

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

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

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