



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 13, 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-4628

Dear Mr. Bullock:

Reference is made to the following: (i) your letters of application dated July 11 and July 13, 2001; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's request for an unorthodox Morrow gas well location for the proposed Chester "AYC" State Well No. 1 (API No. 30-005-63396) to be drilled 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 9, Township 15 South, Range 28 East, NMPM, Chaves County, New Mexico.

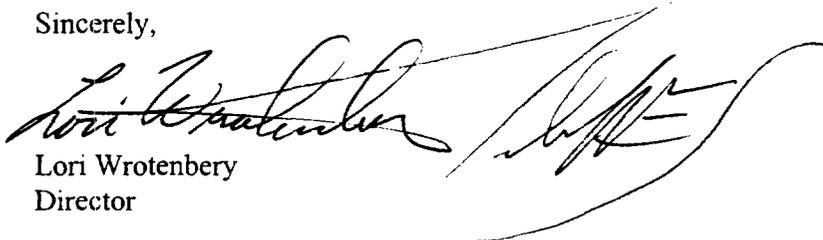
The S/2 of Section 9 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Undesignated Buffalo Valley-Pennsylvanian (Prorated) Gas Pool.

This application has been duly filed under the provisions of: (i) 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; (ii) Division Rule 605; and (iii) the "Special Rules and Regulations for the Buffalo Valley-Pennsylvanian Gas Pool", as promulgated by Division Order No. R-8170, as amended.

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 sand than a well drilled at a location considered to be standard within the S/2 of Section 9.

By authority granted me under the provisions of Division Rules 605.B (2) (b) and 104.F (2) and the applicable provisions of the special pool rules governing the Buffalo Valley-Pennsylvanian Gas Pool, the above-described unorthodox gas well location is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

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