



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

February 5, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: **Clifton R. May**
landdept@ypcnm.com

Administrative Order NSL-4694

Dear Mr. May:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on January 22, 2002 (*application reference No. pKRV0-202435463*); (ii) the Division's initial response by e-mail from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe on Thursday, January 24, 2002 with a question regarding notification; (iii) Mr. Stogner's second request for this information by letter dated February 1, 2002; (iv) your telefaxed response of February 4, 2002; and (v) the Division's records in Santa Fe and Artesia: all concerning Yates Petroleum Corporation's ("Yates") request for a non-standard gas well location to be applicable to any and all formations and/or pools from the top of the Wolfcamp formation to the base of the Mississippian formation that are developed on 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. Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 19, Township 5 South, Range 26 East, NMPM, Chaves County, New Mexico is to be dedicated to this well in order to form a standard 319.88-acre lay-down gas spacing and proration unit.

This unit is to be dedicated to the plugged and abandoned Buried Canyon State Well No. 1 (API No. 30-005-60266), to be redesignated the Buried Canyon "AZN" State Well No. 1, located 2093 feet from the South line and 2128 feet from the East line (Unit J) of Section 19.

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

From the Division's records, this well was originally drilled by L. R. French, Jr. of Odessa, Texas to a total depth of 5,914 feet to test the Devonian formation at a standard oil well location within a standard 40-acre oil spacing and proration unit comprising the NW/4 SE/4 (Unit J) of Section 19 in July, 1973. Also, in July, 1973 this well was plugged and abandoned.

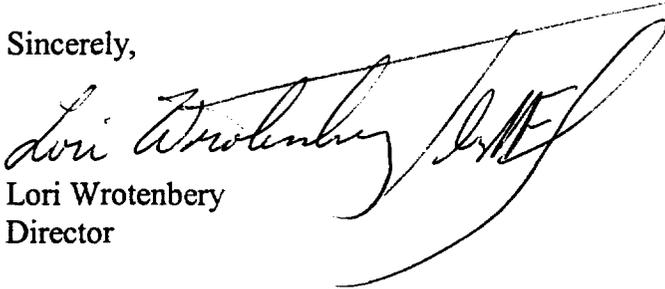
It is our understanding that Yates now intends to reenter this well to a new plug-back depth sufficient to test down to the Mississippian formation for gas.

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By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location within this standard 319.88-acre gas spacing unit comprising the S/2 equivalent of Section 19 for gas production spaced on 320 acres from the top of the Wolfcamp formation to the base of the Mississippian formation is hereby approved.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery". The signature is written in black ink and is positioned to the right of the typed name and title.

Lori Wrotenbery
Director

LW/MES/kv

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