NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

October 28, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2218
Attention: Mr. Clifton R. May

Administrative Order No. NSL-4801

Dear Mr. May:

Reference is made to your application for an unorthodox oil well location for your existing Papalotes "ATA" Well No. 1 located at a previously approved unorthodox gas well location for the Atoka formation (approved by Division Order No. R-10707 dated November 14, 1996) 1960 feet from the South line and 330 feet from the East line (Unit I) of Section 34, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico. This application (*Application No. pKRV0-228031644*) was received by the Division on October 4, 2002.
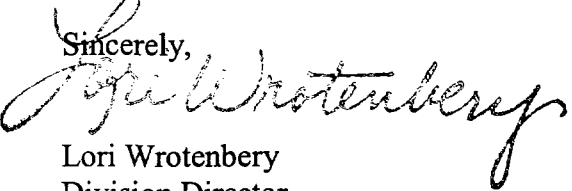
It is our understanding that Yates Petroleum Corporation is proposing to recomplete the well from the Atoka formation and test the Undesignated High Plains Permo-Upper Pennsylvanian Pool. This pool is currently governed by *"The Special Rules and Regulations for the High Plains Permo-Upper Pennsylvanian Pool"* as established by Division Order No. R-2874 dated March 5, 1965, which require standard 160-acre spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the spacing unit nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

It is further our understanding that the SE/4 of Section 34 will be dedicated to the well forming a standard 160-acre spacing and proration unit.

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.

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

Sincerely,

Lori Wrotenbery
Division Director

Xc: OCD-Hobbs