



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 28, 2002

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2218
Attention: Mr. Robert Bullock

Administrative Order No. NSL-4800

Dear Mr. Bullock:

Reference is made to your application for an unorthodox oil and gas well location for your proposed Global "BBG" Well No. 1 to be drilled 660 feet from the South line and 400 feet from the West line (Unit M) of Section 12, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. This application (*Application No. pKRV0-228126901*) was received by the Division on October 7, 2002.

It is our understanding that Yates Petroleum Corporation proposes to test the Mississippian, Morrow, Atoka and Strawn formations within the wellbore. The proposed location is unorthodox with respect to the following-described pools. These pools are currently spaced on 320 acres and are currently governed by the provisions of Division Rule No. 104(C)(2).

Undesignated North Townsend-Mississippian Gas Pool (86390)
Undesignated North Shoe Bar-Morrow Gas Pool (96882)
Undesignated Townsend-Morrow Gas Pool (86400)
Undesignated North Shoe Bar-Atoka Gas Pool (96763)

It is further our understanding that the S/2 of Section 12 will be dedicated to the well in the event the well is completed in one or more of the above-described pools.

Division records demonstrate that in the event the well is completed in the Strawn formation, it may be subject to the rules governing any of the following-described pools:

Undesignated Northeast Shoe Bar-Strawn Pool (96649)
Undesignated South Big Dog-Strawn Pool (96690)
Undesignated North Shoe Bar-Strawn Pool (56270)

It appears that the well is at a standard oil well location for the Northeast Shoe Bar-Strawn Pool, which is currently spaced on 40 acres, and for the South Big Dog-Strawn

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Pool, which is currently spaced on 80 acres, but is unorthodox with respect to the North Shoe Bar-Strawn Pool, which is currently spaced on 160 acres.

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 and gas well location is hereby approved.

Sincerely,

Lori Wrotenberg
Division Director

Xc: OCD-Hobbs