



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

December 16, 2002

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Telefax No. (505) 748-4572

Attention: Cy Cowan

Administrative Order NSL-4824

Dear Mr. Cowan:

Reference is made to the following: (i) your application received November 26, 2002 (*application reference No. pKRV0233626682*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's (Yates) request for an unorthodox gas well location covering the following gas producing formations spaced on 320 acres, for its Vandiver "AIM" Com Well No. 1 drilled at a location 2162 feet from the North line and 660 feet from the West line (Unit E) of Section 17, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

Wildcat-Wolfcamp (Gas - N/A)
Undesignated Atoka-Pennsylvanian (Gas - 70800)
Dayton-Strawn (Gas - 76010)

The W/2 of Section 17, Township 18 South, Range 26 East, NMPM, is to be dedicated to the well in the above-described formations or pools thereby forming a standard 320-acre gas spacing and proration unit.

This well is non-standard in all gas formations normally spaced on 320 acres and governed by state wide rules - the location being closer than 660 feet from the outer boundary of the quarter section in which the well is located. The well is also non-standard for the Atoka-Pennsylvanian Gas Pool which is currently governed by the "*Special Rules and Regulations for the Atoka-Pennsylvanian Gas Pool*" as established by Division Order No. R-8170, as amended.

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

Administrative Division Order NSL-4824
Yates Petroleum Corporation
December 16, 2002
Page 2

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox 320-acre gas well location for the formations or pools listed above is hereby **approved**.

Sincerely,



Lori Wrotenberg
Director

cc: New Mexico Oil Conservation Division – Artesia