



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

OCD - Artesia

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 1, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Yates Petroleum Corporation
c/o **Holland & Hart, L.L.P.**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr



AMENDED Administrative Order NSL-5030

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Yates Petroleum Corporation ("Yates") filed with the New Mexico Oil Conservation Division ("Division") on June 22, 2004 (*administrative application reference No. pSEM0-417536082*) to amend Division Administrative Order NSL-5030; and (ii) the Division's records in Santa Fe.

Division Administrative Order NSL-5030, dated March 30, 2004, authorized Yates to drill its Agnes "BEB" Com. Well No. 1 (API No. 30-015-33448) within a standard 320.92-acre lay-down gas spacing and proration unit for the Atoka-Pennsylvanian (Prorated) Gas Pool (70800) comprising Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 3, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, at an unorthodox gas well location 1200 feet from the North line and 1800 feet from the East line (Lot 2/Unit B) of Section 3.

Your 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 Atoka-Pennsylvanian Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

It is the Division's understanding when Yates took action to actually stake this well, it discovered the location to be occupied by an irrigated field, or crop circle. By moving this location 100 feet south and 75 feet west Yates can avoid the arch of the pivot irrigation system, but yet meet the geological parameters that led Yates to originally request this unorthodox location.

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 Atoka-Pennsylvanian Gas Pool, the application of Yates for its Agnes "BEB" Com. Well No. 3 to be drilled at an unorthodox Pennsylvanian gas well location 1300 feet from the North line and 1875 feet from the East line (Lot 2/Unit B) of Section 3, is hereby approved.

Yates Petroleum Corporation
July 1, 2004
Page 2

AMENDED Administrative Order NSL-5030

This amended order shall supersede the previous order issued on March 30, 2004.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MS/ms

cc: New Mexico Oil Conservation Division - Artesia