



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Padilla Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

March 9, 1998

Yates Petroleum Corporation  
c/o Campbell, Carr, Berge & Sheridan, P.A.  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208  
Attention: William F. Carr



*Administrative Order NSL-420-A*

Dear Mr. Carr:

Reference is made to your application on behalf of the operator, Yates Petroleum Corporation ("Yates"), dated February 16, 1998 for an unorthodox wildcat Morrow gas well location for the plugged and abandoned Pan American Petroleum Corporation Duncan Federal Gas Com. Well No. 1 (API No. 30-015-20163), redesignated the Hickory "ALV" Federal Well No. 2, located 950 feet from the North and West lines (Lot 1/Unit D) of Section 18, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

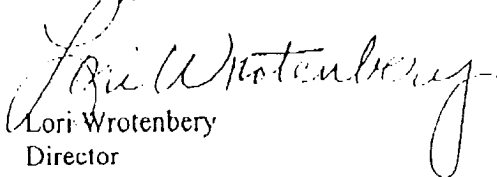
The Duncan Federal Gas Com. Well No. 1 was originally drilled to a total depth of 7,991 feet in 1968 in order to test the Undesignated Indian Basin Upper-Pennsylvanian Gas Pool at an unorthodox gas well location, approved by Division Administrative Order NSL-420, dated June 10, 1968, whereby it tested dry and was subsequently plugged and abandoned.

It is our understanding that Yates now intends to reenter said well and deepen it to an approximate depth of 10,400 feet in order to test the Morrow formation for gas within a standard 296.40-acre gas spacing and proration unit comprising Lots 1, 2, 3, and 4 and the E/2 W/2 (W/2 equivalent) of said Section 18.

The application has been duly filed under the provisions of Division General Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division.

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

Sincerely,

  
Lori Wrotenberg  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad  
File: NSL-420