



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 3, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118
Attention: Pat Perez

Administrative Order NSL-4596

Dear Ms. Perez:

Reference is made to the following: (i) your application dated May 15, 2001; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's request for an exception to the provisions of Division Rule 104.C (2) (a) for the proposed Jasper "ARJ" Federal Com. Well No. 2 (API No. 30-005-63143) to be drilled to test the Ordovician dolomite at an unorthodox gas well location 760 feet from the North line and 2240 feet from the East line (Unit B) of Section 25, Township 8 South, Range 26 East, NMPM, Chaves County, New Mexico.

The N/2 of Section 25 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Undesignated Foor Ranch-Pre Permian Gas Pool.

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.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Ordovician formation than a well drilled at a location considered to be standard within the proposed unit.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location within the Undesignated Foor Ranch-Pre Permian Gas Pool is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Roswell