



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

July 30, 2001

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: Clifton R. May

Telefax No. (505) 748-4572

Administrative Order NSL-4617

Dear Mr. May:

Reference is made to the following: (i) your application dated July 10, 2001 (*application reference No. pKRV0-119239643*); 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 wildcat Morrow gas well location for the plugged and abandoned New Mexico "L" State Well No. 1 (**API No. 30-025-22557**), to be redesignated the Vaca "AZJ" Well No. 1, located 519 feet from the North line and 803 feet from the East line (Unit A) of Section 21, Township 10 South, Range 34 East, NMPM, Lea County, New Mexico.


The New Mexico "L" State Well No. 1 was originally drilled by Sun Oil Company to a total depth of 10,008 feet to test the Simanola-Pennsylvanian Pool at a standard oil well location in May/June 1968. In August, 1968 this well was plugged and abandoned.

It is our understanding that Yates now intends to reenter this well and deepen it to an approximate depth of 12,500 feet in order to test the wildcat Morrow formation (**96070**) for gas within a standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 21.

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), the above-described unorthodox Morrow gas well location for the Vaca "AZJ" Well No. 1 is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe