



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

May 3, 2001

Lori Wrotenberg

Director

Oil Conservation Division

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



Administrative Order NSL-4583

Dear Mr. Bullock:

Reference is made to the following: (i) your application dated April 11, 2001; and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe: all concerning Yates Petroleum Corporation's request for an exception to Rule 5 (a) of the *"Special Rules and Regulations for the Indian Basin-Morrow Gas Pool,"* as promulgated by Division Orders No. R-8170-O-1/R-2441-B, issued in Case No. 11512 dated July 31, 1996, and R-8170-O-2/R-2441-C, dated August 15, 1996, in order for Yates Petroleum Corporation to drill its proposed Pan Am Pardue "ALZ" Federal Com. Well No. 2 (API No. 30-015-27507) at an unorthodox gas well location 660 feet from the South line and 2610 feet from the East line (Unit O) of Section 22, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

All of Section 22, being a standard 651.47-acre gas spacing and proration unit for the Indian Basin-Morrow Gas Pool, is to be dedicated to this well.

The application has been duly filed under the provisions of: (i) the special rules governing this pool; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; (iii) Division Rule 605.B; and (iv) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 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 potentially productive interval of the middle Morrow channel sand than a well drilled at a location considered to be standard within the subject 651.47-acre unit.

By the authority granted me under the provisions of: (i) Division Rule 605.B (2) (b); (ii) Division Rule 104.F (2); and (iii) the applicable provisions of the special pool rules governing the Indian Basin-Morrow Gas Pool, the unorthodox Morrow gas well location of the proposed Pan Am Pardue "ALZ" Federal Com. Well No. 2, is hereby approved.

Sincerely,

Lori Wrotenberg
Director

LW/MES/kv

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