



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

August 30, 2001

Lori Wrotenberg

Director

Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Attention: Robert Bullock

Re: *Administrative application for an exception to Division Rule 104.C (2) (a).*

Dear Mr. Bullock:

This letter acknowledges the receipt of your administrative application dated August 16, 2001 of an unorthodox Strawn gas well location for Yates Petroleum Corporation's existing Mule Deer "ATU" Federal Com. Well No. 2 (API No. 30-015-31223), located 2310 feet from the South line and 660 feet from the East line (Unit I) of Section 11, Township 21 South, Range 21 East, NMPM, Eddy County, New Mexico. The Division received your application on August 21, 2001, and assigned it NMOCD application reference No. *pKRV0-123456082*. Please refer to this number in future correspondence with the Division.

Our preliminary review indicates that the information provided in the application is not sufficient to process an administrative order. The following information is necessary:

Further explanation to the statement contained in your application that, *"the Mule Deer "ATU" Fed. Com. #2 was drilled 330' from the north line of the southeast quarter section, not realizing that this location was an unorthodox location"*. This explanation will be most important since Yates had representation on the Division/Industry committee in 1998 to address changes to Rule 104 and that Yates was represented at the hearings in Case No. 12119.

Since the submitted information is insufficient to review, the application was ruled as incomplete on August 30, 2001. Please submit the above stated information by Monday, September 10, 2001.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465. Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe