



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

October 30, 2002

Yates Petroleum Corporation
c/o Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL-4803



Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Yates Petroleum Corporation ("Yates") dated October 18, 2002 (*application reference No. pKRV-229426398*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates request for a unorthodox gas well location covering all gas producing formations spaced on 320 acres, for its Chimay "BAO" State Well No. 1 to be drilled at a location 1988 feet from the North line and 155 feet from the West line (Unit E) of Section 2, Township 24 South, Range 23 East, NMPM, Eddy County, New Mexico.

Lots 1, 2, 3, 4, and Units E, F, G, H (all being the N/2 equivalent) of Section 2, Township 24 South, Range 23 East, NMPM, Eddy County, New Mexico is to be dedicated to this well - being a standard 319.2 acre gas spacing and proration unit in the Wolfcamp and all deeper formations.

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.

It is our understanding that Yates is seeking this location exception due to topographic reasons rendering it impossible to drill at a standard location in the N/2 of Section 2.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox 320-acre gas well location within this 320-acre unit comprising the N/2 of Section 2 is hereby **approved**.

Sincerely,

Lori Wrotenbery (WVSS)

Lori Wrotenbery

Director

cc: New Mexico Oil Conservation Division – Artesia ✓
Yates Petroleum Corporation - Artesia
State Land Office – Santa Fe