



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor

March 30, 2004

**Joanna Prukop**  
Cabinet Secretary  
Acting Director  
Oil Conservation Division

**Yates Petroleum Corporation**  
c/o **Holland & Hart L.L.P.**  
**P. O. Box 2208**  
**Santa Fe, New Mexico 87504-2208**

**Attention: William F. Carr**

*Administrative Order NSL-5030*

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Yates Petroleum Corporation ("Yates"), dated March 17, 2004 (*administrative application reference No. pMES0-407855909*); and (ii) the Division's records in Santa Fe and Artesia: all concerning Yates's request for an unorthodox Pennsylvanian gas well location for its proposed Agnes "BEB" Com. Well No. 1 to be drilled 1200 feet from the North line and 1800 feet from the East line (Lot 2/Unit B) of Section 3, Township 18 South, Range 26 East, NMPM, Atoka-Pennsylvanian (Prorated) Gas Pool (70800), Eddy County, New Mexico.

Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 3 is to be dedicated to this well in order to form a standard 320.92-acre lay-down gas spacing and proration unit for the Atoka-Pennsylvanian (Prorated) Gas Pool.

This application has been duly filed under the provisions of: (i) 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; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the Atoka-Pennsylvanian Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed location will be at a more favorable geologic position within the Middle Morrow sand channel than a well drilled at a location considered to be standard within the proposed 320.92-acre unit.

By authority granted me under the provisions of Division Rules 605.B (2) (b) and 104.F (2) and the applicable provisions of the special pool rules governing the Atoka-Pennsylvanian Gas Pool, the above-described unorthodox gas well location is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division deems necessary.

Sincerely,

Michael E. Stogner  
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Artesia