



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

July 25, 2001

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210
Attention: Robert Bullock

Telefax No. (505) 748-4572

Administrative Order NSL-4479-A

Dear Mr. Bullock:

Reference is made to the following: (i) your letter dated June 15, 2001; (ii) the New Mexico Oil Conservation Division's ("Division") response by letter dated July 19, 2001 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe; (iii) your response by letter telefaxed to the Division on July 24, 2001 with supplemental data; and (iv) the records of the Division: all concerning Yates Petroleum Corporation's ("Yates") request to amend an existing order of the Division for an unorthodox deep Mississippian gas well location by expanding the vertical limits of the provisions in this order to include the Atoka formation and Undesignated North Eidson-Morrow Gas Pool.

This application (*assigned NMOCD Reference No. pKRV0-118338451*) to amend Division Administrative Order NSL-4479 has been duly filed under the provisions of Division Rule 104.F.

By Division Administrative Order NSL-4479, dated July 5, 2001, Yates received authorization to reenter the Arreguy "AVM" Well No. 1 (API No. 30-025-29998), located 810 feet from the North line and 510 feet from the East line (Unit A) of Section 25, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico, which had been plugged and abandoned in 1987, and deepen it to an approximate depth of 13,300 feet in order to test the Mississippian formation within a standard 320-acre lay-down gas spacing and proration unit comprising the N/2 of Section 25.

It is our understanding that Yates reentered this well in September, 2000 and deepened it to a total depth of 13,300 feet, tested the Mississippian interval for gas production and was unsuccessful. However, from perforations in the Morrow formation a commercial well was established. Further, it is our understanding that Yates also intends to test the Atoka interval for gas production. Pursuant to Division Rule 104.C (2) (a) however this location is also considered to be non-standard for both the Atoka and Morrow intervals underlying the N/2 of Section 25.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location for the Arreguy "AVM" Well No. 1 in both the Atoka and Morrow formations is hereby approved.

Further, Division Administrative Order NSL-4479 dated July 5, 2000 is hereby placed in abeyance until further notice.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSL-4479 ✓