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AMENDED NSL

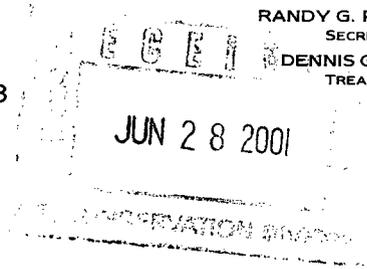
7/18/01

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
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PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER



June 15, 2001

Attn: Mrs. Lori Wrontenberg  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

**Via Facsimile & Mail**  
**(505) 827-8177**

RE: Administrative Order NSL - 4479  
Unorthodox Gas Well Location  
Arreguy AVM #1 Re-entry  
Lea County, New Mexico

Dear Mrs. Wrontenberg:

Yates Petroleum Corporation respectfully requests that the captioned order be amended to include the Atoka and Morrow formations.

Yates re-entered this well in September of 2000, deepened it to a depth of 13,300 feet, tested the Mississippian formation for gas and was un-successful. We then came up the wellbore and established commercial gas production in the Morrow formation with perfs between 12,678 - 12,692'.

Yates also believes that there is future "behind the pipe" Atoka gas production in the wellbore and would therefore like to include the Atoka formation.

The Hobbs OCD office has advised Yates that this administrative order will have to be amended before we can produce the Arreguy AVM #1 in the Atoka/Morrow formation.

Please call me at (505) 748-4351 if you need any additional information.

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Robert Bullock  
Landman

RB:bn  
enclosure(s)



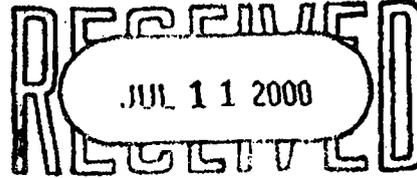
NEW MEXICO ENERGY, MINERALS and  
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON  
Governor  
Jennifer A. Salisbury  
Cabinet Secretary

July 5, 2000

Lori Wrotenbery  
Director  
Oil Conservation Division

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



*Administrative Order NSL-4479*

Dear Mr. Bullock:

Reference is made to the following: (i) your application dated June 27, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request for an unorthodox wildcat Mississippian gas well location for the plugged and abandoned Arreguy "25" Well No. 1 (API No. 30-025-29998), to be redesignated the Arreguy "AVM" Well No. 1, 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.

The Arreguy "25" Well No. 1 was originally drilled by Sun Exploration & Production Company to a total depth of 12,050 feet and completed in the Townsend-Permo Upper Pennsylvanian Pool at a standard oil well location in September/October 1987. In January, 1987 this well was plugged and abandoned.

It is our understanding that Yates now intends to reenter this well and deepen it to an approximate depth of 13,300 feet in order to test the Mississippian formation for gas within a standard 320-acre lay-down gas spacing and proration unit comprising the N/2 of Section 25.

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.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Mississippian gas well location is hereby approved.

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs