



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

January 29, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118
Attention: Cy Cowan

Administrative Order NSL-4834

Dear Mr. Cowan:

Reference is made to the following: (i) your application dated January 2, 2003 (*application reference No. pKRV0-300353057*); (ii) the New Mexico Oil Conservation Division's ("Division") response by letter dated January 6, 2003 from Michael E. Stogner, Engineer in Santa Fe, requesting additional information with respect to notice; (iii) your telefaxed response on January 9, 2003 with additional notification; and (iv) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's request for an unorthodox gas well location in the Chester formation for the proposed Rojo Stripe Bar Federal Well No. 1 to be drilled 460 feet from the South line and 635 feet from the West line (Lot 4/Unit M) of Section 18, Township 20 South, Range 23 East, NMPM, Eddy County, New Mexico.

Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 18, being a standard 318.88-acre stand-up gas spacing unit for the Chester formation is to be dedicated to this well.

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), as revised, the above-described unorthodox wildcat gas well location in the Chester formation within this 318.88-acre unit comprising the W/2 equivalent of Section 18 is hereby approved.

IT SHALL BE NOTED HOWEVER THAT the application initially submitted on January 3, 2003 requested the unorthodox gas well location for the Rojo Stripe Bar Federal Well No. 1 be applicable to both the Morrow and Chester formations; however, Yates Petroleum Corporation's notice to affected offsets was limited to the Chester formation only. This order is therefore restricted to the Chester interval.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe