



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

November 27, 2007

Administrative Order NSL-5722

Yates Petroleum Corporation
C/o Holland & Hart
P.O. Box 2208
Santa Fe, NM 87504-2208

Attention: Ms. Ocean Munds-Dry, Esq.

Shinnery AZG State Well No. 2Y (API No. 30-025-38573)

Vertical Well: 1650' FNL, 1630' FWL, Unit F (NON-STANDARD)
Section 9 T10S, R34E, NMPM, Lea County, New Mexico
40 Acre, Unit F of Section 9 Oil Spacing and Proration Unit (First Well)
Wildcat-Wolfcamp Oil Pool (96794)

Reference is made to: Yates Petroleum Corporation's ("Yates") application for a non-standard well location (*administrative application reference No. pKVR0729952086*) for the subject well that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on October 24, 2007; and the Division's records pertinent to Yates's request.

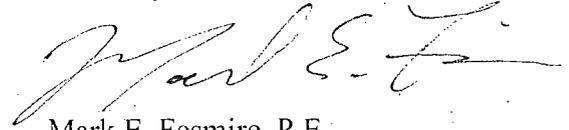
Yates requests authority to drill this oil well to test the Wolfcamp formation at a non-standard location 310 feet from the western boundary of the proration unit. This well will be dedicated to Unit F of Section 9 and will be the first Wolfcamp oil well in this unit.

This well location was chosen after the original, standard location was abandoned after a casing collapse. Drilling this well on the same well-pad will prevent environmental damage and prevent waste.

It is our understanding that Yates has notified the operator of the affected spacing unit to the west and no objection has been received.

Pursuant to the authority granted under the provisions of Division Rule 104, the above-described unorthodox location for the Wildcat-Wolfcamp Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/wvjj

cc: New Mexico Oil Conservation Division – Hobbs
State Land Office – Oil, Gas, and Minerals Division