



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

January 6, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Attention: Cy Cowan

Re: Administrative application for an exception to Division Rule 104.C (2)(a) for Yates Petroleum Corporation's proposed Rojo Stripe Bar Federal Well No. 1 to be drilled at an unorthodox gas well location within the W/2 equivalent of Section 18, Township 20 South, Range 23 East, NMPM, Eddy County, New Mexico, being a standard 318.88-acre stand-up gas spacing unit for both zones, 460 feet from the South line and 635 feet from the East line (Lot 4/Unit~~A~~) of Section 18.

Dear Mr. Cowan:

This letter acknowledges your administrative application dated January 2, 2003 for the above described well to be drilled at an unorthodox gas well location in the wildcat Chester and Morrow formations. The Division received your application on January 3, 2003, and assigned it **NMOCD application reference No. pKRV0-300353057**. Please refer to this number in future correspondence with the Division.

My preliminary review indicates that the information provided in your application is not sufficient to process an administrative order at this time. It appears that your application is incomplete with respect to notice. Please refer to Division Rule 1207.A (2), see copy attached, in particular subpart (2) (b) whereby "notice shall be given to the affected persons in the adjoining spacing units towards which the unorthodox location encroaches." It's clear that the offset "operator" to the south in Section 19, Township 20 South, Range 23 East, NMPM, Eddy County, New Mexico, was notified; however, this location also encroaches Sections 13 and 24, Township 20 South, Range 21 East, NMPM, Eddy County, New Mexico to the west and southwest, respectively.

Please identify all affected persons and provide adequate notice to them or explain why notice is not required in this case.

Since the submitted information is insufficient to review, the application was ruled as incomplete on January 6, 2003. Please submit the above stated information by Tuesday, January 14, 2003.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465 or e-mail me at "mstogner@state.nm.us." Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe