



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 2, 1998

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

Administrative Order NSL-4128

Dear Mr. Bullock:

Reference is made to your application dated August 26, 1998 for an unorthodox Morrow gas well location for the plugged and abandoned Sand Springs "AEH" State Well No. 1 (**API No. 30-025-29843**), to be redesignated the Sand Springs "ASU" State Well No. 1, located 330 feet from the North line and 1650 feet from the West line (Unit C) of Section 11, Township 11 South, Range 34 East, NMPM, Lea County, New Mexico.

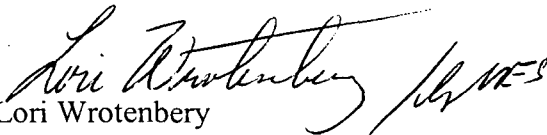
This well was originally drilled to a total depth of 10,575 feet in 1987 in order to test the Strawn formation for oil whereby it tested dry and was subsequently plugged and abandoned.

It is our understanding that Yates now intends to reenter the well and deepen it to an approximate depth of 12,200 feet in order to test the Undesignated Sand Springs-Atoka Gas Pool within a standard 320-acre gas spacing and proration unit comprising the N/2 of the Section 11.

The application has been duly filed under the provisions of Division General Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division.

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

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe