



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

February 5, 1999

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210
Attention: Robert Bullock

Administrative Order NSL-4128-A

Dear Mr. Bullock:

Reference is made to the following: (i) your letter dated January 22, 1999; and (ii) the records of the New Mexico Oil Conservation Division's ("Division") Santa Fe office: all concerning Yates Petroleum Corporation's ("Yates") request for a non-standard Morrow gas well location for the existing Sand Springs "ASU" State Well No. 1 (API No. 30-25-29843), 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.

By Division Administrative Order NSL-4128, dated September 2, 1998, Yates received authorization to reenter this well, which had been plugged and abandoned in 1987, 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 Section 11.

It is our understanding that Yates reentered this well on September 30, 1998 and deepened it to a total depth of 13,318 feet. On November 24, 1998 Yates perforated from 12,110 feet to 12,188 feet within the Morrow formation. This well is now completed as a gas well within the Morrow formation and is considered to be unorthodox pursuant to Division General Rule 104.B.(1)(a). Further, the N/2 of Section 11 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit for the Morrow formation.

The application has been duly filed under the provisions of Division Rule 104.F.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery" followed by a stylized flourish or initials.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-4128