



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 15, 2003

Lori Wrotenbery

Director

Oil Conservation Division

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

Attention: Robert Bullock

Administrative Order NSL-4629-A

Dear Mr. Bullock:

Reference is made to the following: (i) your application dated September 17, 2003 (***administrative application reference No. pLR0-326529826***); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe and Artesia, including the files on Division Administrative Order NSL-4629 and Division Case No. 13183 (see Division Order No. R-12063): all concerning Yates Petroleum Corporation's ("Yates") request to amend a previously approved administrative order by the Division for an unorthodox deep gas well location by expanding the vertical limits of the provisions in the order to include any and all formations and/or pools from the surface to the base of the Mississippian formation that are:

- (1) developed on 320-acre spacing; and
- (2) governed under the provisions of Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, which presently includes but is not necessarily limited to the Undesignated East Ranger Lake-Atoka Gas Pool (83435), Undesignated West Ranger Lake-Atoka Gas Pool (96223), Undesignated South Ranger Lake-Austin Gas Pool (97231) Undesignated Four Lakes-Mississippian Gas Pool (97053), and South Ranger Lake-Lower Mississippian Lime Gas Pool (97295).

Division Administrative Order NSL-4629, dated August 14, 2001, authorized Yates to re-enter the plugged and abandoned Slick Oil Corporation/Maralo, Inc. State of New Mexico Well No. 1 (API No. 30-025-01868), redesignated by Yates the Slick "AZU" State Com. Well No. 1, at an unorthodox Morrow gas well location 649 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 1, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico, whereby Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 1 was dedicated in order to form a standard 317.12-acre lay-down deep gas spacing unit for either the Undesignated South Ranger Lake-Morrow Gas Pool (97230) or the Undesignated Four Lakes-Morrow Gas Pool (97082).

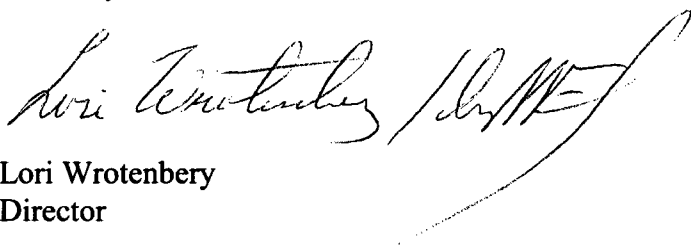
The subject request to amend Division Administrative Order NSL-4629 has been duly filed by Yates under the provisions of Division Rule 104.F, as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox deep gas well location for its Slick "AZU" State Com. Well No. 1 within this 317.12-acre standard lay-down deep gas spacing unit comprising the N/2 equivalent of Section 1, to be applicable to any and all formations and/or pools from the surface to the base of the Mississippian formation, is hereby approved.

All provisions of Division Administrative Order NSL-4629 shall remain in full force and effect until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office – Santa Fe
File: NSL-4629