



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

November 6, 2001

Lori Wrotenbery

Director

Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: Chuck Moran
cmoran@ypcnm.com

Telefax No. (505) 748-4572

Administrative Order NSL-4663

Dear Mr. Moran:

Reference is made to the following: (i) your application dated September 5, 2001 (*application reference No. pKRV0-125449296*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request for a non-standard gas well location to be applicable to any and all formations and/or pools from the surface to the base of the Strawn formation that are developed on 320-acre spacing and 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. The N/2 of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit.

This unit is to be dedicated to the plugged and abandoned Maxus Exploration Company Newkumet Federal Well No. 1 (**API No. 30-005-62532**), to be redesignated the Applesauce "AZR" Federal Well No. 1, located 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

From the Division's records, this well originally drilled to a total depth of 6,865 feet to test the Devonian formation at a standard oil well location within a standard 40-acre oil spacing and proration unit comprising the NW/4 NW/4 (Unit D) of Section 25 in August, 1987. Also, in August, 1987 this well was plugged and abandoned.

It is our understanding that Yates now intends to reenter this well to a new plug-back depth sufficient to test down to the Strawn formation for gas.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location within this standard 320-acre gas spacing unit comprising the N/2 of Section 25 for gas production spaced on 320 acres from the surface to the base of the Strawn formation is hereby approved.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery / LWMES".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Roswell