



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

June 12, 2002

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

Telefax No. (505) 748-4572

Administrative Order NSL-4748

Dear Mr. Bullock:

Reference is made to the following: (i) your application dated June 5, 2002 (*application reference No. pKRV0-216135657*); 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 the Undesignated Diablo-Pennsylvanian Gas Pool (76050) for the existing Pathfinder "AFT" State Well No. 3 (API No. 30-005-62636) located 1650 feet from the South line and 2310 feet from the West line (Unit K) of Section 21, Township 10 South, Range 27 East, NMPM, Chaves County, New Mexico.

The S/2 of Section 21, being a standard 320-acre lay-down gas spacing and proration unit for this horizon to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

According to the Division's well records the Pathfinder "AFT" State Well No. 3 was initially drilled in 1988 by Yates to a total depth of 6,650 feet and completed within the Diablo-Fusselman Associated Pool at a location considered to be standard for both an oil and gas well [see Rule 2 (b) of the "*Special Rules and Regulations for the Diablo-Fusselman (Associated) Pool*," as promulgated by Division Order No. R-9131, as amended.]

It is our understanding that in February, 2002 Yates abandoned the deeper Fusselman interval and plugged the well back into the Strawn formation. Pursuant to Division Rule 104.C (2) (a), this location is unorthodox for the Undesignated Diablo-Pennsylvanian Gas Pool.

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

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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