



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

October 31, 2002

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Telefax No. (505) 748-4572

Attention: Robert Asher

Administrative Order NSL-4804

Dear Mr. Asher:

Reference is made to the following: (i) your application received October 17, 2002 (*application reference No. pKRV-229050272*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Production Corporation's (Yates) request for an unorthodox gas well location covering the following gas producing formations spaced on 320 acres, for its State "CK" Com Well No. 1 drilled at a location 660 feet from the North line and 2180 feet from the West line (Unit C) of Section 4, Township 17 South, Range 26 East, NMPM. Eddy County, New Mexico.

POW-Morrow (Gas 83040)
Undesignated POW-Strawn (Gas 83060)
Wildcat-Atoka Gas
Wildcat-Wolfcamp Gas

Lots 1, 2, 3, 4 and S/2 N/2 (all being the N/2 equivalent - 316.65 acres) of Section 4, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico is communitized in the Morrow formation and dedicated to this well. This well is non-standard in all gas formations normally spaced on 320 acres and governed by state wide rules - the location being closer than 660 feet from the outer boundary of the quarter section in which the well is located.

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

It is our understanding that Yates obtained this acreage and re-entered and deepened this well bore to test the Devonian. The well was completed in the Morrow, the N/2 of Section 4 was communitized, and the well has been producing from the POW-Morrow Gas Pool since 1973. It is also our understanding that Yates was unaware until recently of this well being at a non-standard Morrow gas well location and in violation of Division Rule 104.C(2)a.

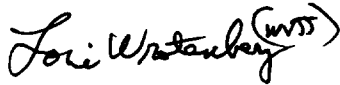
Administrative Division Order NSL-4804
Yates Production Corporation
October 31, 2002
Page 2 of 2

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox 320-acre gas well location for the POW- Morrow Gas Pool in this 320-acre unit comprising the N/2 of Section 4 is hereby **approved**.

In addition, this unorthodox 320-acre gas well location for the following pools in acreage comprising the N/2 of Section 4 is hereby **approved** – such approval being contingent on approval by the State Land Office of communitization agreements in each respective pool naming Yates as operator.

Undesignated POW-Strawn (Gas 83060)
Wildcat-Atoka Gas
Wildcat-Wolfcamp Gas

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenberg". To the right of the signature, the word "Wrotenberg" is written in a smaller, more formal script.

Lori Wrotenberg
Director

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