



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

June 25, 2002

Lori Wrotenbery

Director

Oil Conservation Division

Yates Petroleum Corporation
c/o Holland & Hart LLP
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSP-1280-A

Dear Mr. Carr:

Reference is made to the following: (i) your application dated June 5, 2002 (*pKRV0-216134852*) on behalf of the operator, Yates Petroleum Corporation ("Yates"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates's request for the formation of the following described non-standard 169.00-acre gas spacing and proration unit to be applicable to the Wolfcamp and Pennsylvanian formations, both of which if found to be gas productive would be subject to 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:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Irregular Section 4: All.

This unit is to be dedicated to Yates existing Spring Federal Com. Well No. 3 (**API No. 30-005-61419**), located at a standard gas well location pursuant to Division Rule 104.C (2) (a), as revised, 660 feet from the South line and 990 feet from the West line (Lot 4/Unit M) of irregular Section 4.

This application has been duly filed under the provisions of Division Rule 104.D (2), as revised.

Our records indicate that this well was initially drilled in 1982 by Mesa Petroleum Corporation to a total depth of 4,450 feet and completed in the Pecos Slope-Abo Gas Pool at a standard (shallow) gas well location within a non-standard gas spacing and proration unit comprising the aforementioned 169.00 acres (approved by Division Administrative Order NSP-1280, dated February 9, 1982). It is our understanding that Yates now intends to deepen the wellbore to a depth sufficient to test down to the Pennsylvanian formations.

By the authority granted me under the provisions of Division Rule 104.D (2) (b), as revised,

Administrative Order NSP-1280-A

Yates Petroleum Corporation

June 25, 2002

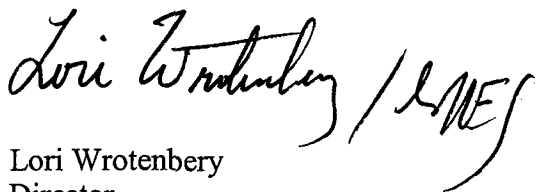
Page 2

the above-described 169.00-acre non-standard gas spacing and proration unit for the Wolfcamp and Pennsylvanian intervals is hereby approved.

Further, Division Administrative Order NSP-1280 shall remain in full force and affect until further notice.

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

Sincerely,

A handwritten signature in cursive script, reading "Lori Wrotenbery / LMEJ".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Roswell
File: NSP-1280