



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 29, 1998

Yates Petroleum Corporation
c/o Losee, Carson, Haas & Carroll, P. A.
P. O. Box 1720
Artesia, New Mexico 88211-1720
Attention: Ernest L. Carroll

Administrative Order NSL-4160

Dear Mr. Carroll:

Reference is made to the following: (i) your application to the Division dated October 28, 1998; (ii) your telephone conversations with Mr. Michael E. Stogner, Engineer with the New Mexico Oil Conservation Division ("Division") on October 15 and 28, 1998; and, (iii) the records of the Division in Santa Fe including Case No. 12057: all concerning Yates Petroleum Corporation's ("Yates") request for an unorthodox Morrow gas well location for its proposed Anderson "AST" State Com. Well No. 1 to be drilled 1980 feet from the South line and 1310 feet from the West line (Unit L) of Section 14, Township 16 South, Range 32 East, NMPM, Undesignated Anderson Ranch-Morrow Gas Pool, Lea County, New Mexico.

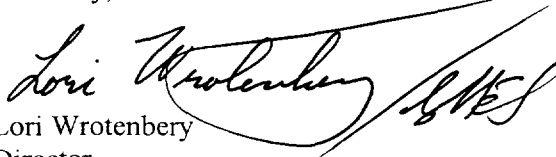
The S/2 of Section 14 being a standard lay-down 320-acre gas spacing and proration unit for this pool is to be dedicated to the well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard for this 320-acre unit.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

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

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: Case No. 12057 /