



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 2, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Attention: **Ernest L. Carroll**
Sr. Landman

RECEIVED

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ODD-ARTESIA

Re: *Application for administrative review by the Division submitted on February 8, 2006 (administrative application reference No. pMES0-606153188) to reinstate and amend Division Administrative Order NSL-4663, dated November 6, 2001, which order authorized Yates Petroleum Corporation ("Yates") to reenter 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, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico, at an unorthodox gas well location for 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), within the N/2 of Section 25.*

Mr. Carroll:

In reviewing your application I could not but notice that the working interests in the NE/4 NW/4 (Unit C) and the NE/4 SW/4 (Unit K) of Section 24 (**Federal Lease No. NM-10593**) has changed scientifically since 2001 (see copy of previous application that resulted in the issuance of Division Administrative Order NSL-4663 attached). Is this an oversight or has Secan Oil Company, Inc. of Natchez, Mississippi since acquired all the other working interest so listed? Or perhaps there is some other reason for this difference.

Thank you.

Sincerely,

Michael E. Stogner
Engineer

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management - Roswell
William F. Carr, Legal Counsel for Yates Petroleum Corporation – Santa Fe