



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury
Cabinet Secretary

July 3, 2000

Lori Wrotenbery

Director

Oil Conservation Division

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210
Attention: **Chuck Moran**

Telefax No. (505) 748-4572



Administrative Order NSL-3911-A

Dear Mr. Moran:

Reference is made to the following: (i) your application dated June 30, 2000; and (ii) the records of the New Mexico Oil Conservation Division's ("Division") Santa Fe office, including the file on Division Administrative Order NSL-3911: all concerning Yates Petroleum Corporation's ("Yates") request to reenter an existing well at an unorthodox location to be applicable to any and all formations and/or pools from the surface to the base of the Pennsylvanian formation.

By Division Administrative Order NSL-3911, dated December 8, 1997, Yates received authorization to drill the Unforgiven "ARZ" State Well No. 1 (API No. 30-005-63160) at an unorthodox Devonian oil well location 2350 feet from the South line and 1800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico, whereby the NE/4 SW/4 of Section 11 was to be dedicated in order to form a standard 40-acre oil spacing and proration unit. It is our understanding that this well tested dry and was subsequently plugged and abandoned in December, 1998.

It is further understood that the following described spacing and proration units in Section 11 are to be dedicated to this well:

- (a) the W/2 to form a standard 320-acre stand-up gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent;
- (b) the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and
- (c) the NE/4 SW/4 to form a standard 40-acre oil spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical extent.

This application has been duly filed under the provisions of Division Rule 104.F, revised by

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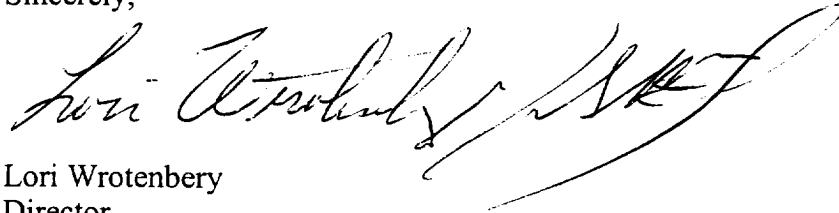
Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox well location for Yates' Unforgiven "ARZ" State Well No. 2 is hereby approved.

Further, Division Administrative Order NSL-3911 shall be placed in abeyance until further notice.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or initial.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia /
New Mexico State Land Office - Santa Fe
File: NSL-3911