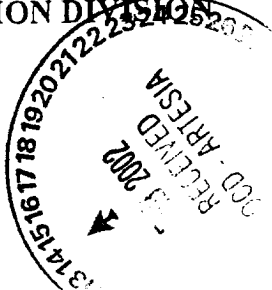


STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:



NOMENCLATURE
CASE NO. 12751
ORDER NO. R-11721

APPLICATION OF YATES PETROLEUM CORPORATION FOR POOL
CREATION AND SPECIAL POOL RULES INCLUDING SPECIAL SPACING
AND WELL LOCATION REQUIREMENTS AND A SPECIAL OIL DEPTH
BRACKET ALLOWABLE, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 1, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of February, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Yates Petroleum Corporation ("Yates"), seeks the creation of a new pool for the production of oil from the Cisco formation comprising the W/2 of Section 26, Township 6 South, Range 25 East, NMPM, Chaves County, New Mexico, to be designated the Pecos Slope Deep Oil Pool.

(3) Yates further seeks to establish special pool rules that include:

- (a) a provision whereby the vertical limits of the pool would include all formations below the base of the Abo formation;
- (b) 320-acre oil spacing and proration units with the option of drilling a second infill well within the