

October 9, 2002

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

Attention: Robert Bullock

Administrative Order NSL-2051-A

Dear Mr. Bullock:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on September 9, 2002 (*application reference No. pKRV0-225332000*); and (ii) the Division's records in Santa Fe and Artesia: all concerning Yates Petroleum Corporation's ("Yates") request for a non-standard gas well location within a proposed 320-acre standard stand-up gas spacing and proration unit comprising the W/2 of Section 14, Township 9 South, Range 32 East, NMPM, Lea County, New Mexico, for wildcat Mississippian gas production.

This unit is to be dedicated to the plugged and abandoned Spence Energy Company State "14" Well No. 1 (**API No. 30-025-29071**), to be redesignated the Isaiah "BBA" State Well No. 1, located 330 feet from the South and West lines (Unit M) of Section 14.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

From the Division's records, this well was originally drilled by Spence Energy Company in 1985 to a total depth of 11,115 feet to test: (i) the Devonian formation for oil at a standard oil well location within a standard 40-acre oil spacing and proration unit for the SRR-Devonian Pool (**53010**) comprising the SW/4 SW/4 (Unit M) of Section 14; and (ii) the Morrow formation for gas at an unorthodox gas well location (approved by Division Administrative Order NSL-2051, dated May 23, 1985) within a standard 320-acre stand-up gas spacing unit for the SRR-Morrow Gas Pool (**84405**) also comprising the W/2 of Section 14. In March, 1988 this well was plugged and abandoned.

It is our understanding that Yates now intends to reenter this well to test the Mississippian formation for gas production.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location for the Mississippian formation within this standard 320-acre gas spacing unit comprising the W/2 of Section 14 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office – Santa Fe