



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

February 1, 2000

Yates Petroleum Corporation
c/o Campbell, Carr, Berge & Sheridan, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL-4399

Dear Mr. Carr:

Reference is made to the following: (i) your application dated January 31, 2000, on behalf of the operator, Yates Petroleum Corporation ("Yates"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates' request to drill its proposed Cupid "AUG" State Well No. 1 at an unorthodox wildcat oil well location 1150 feet from the North line and 2450 feet from the West line (Unit C) of Section 22, Township 11 South, Range 34 East, NMPM, Lea County, New Mexico to be applicable to all formations developed on 40-acre spacing from the surface to the base of the Devonian formation. The NE/4 NW/4 of Section 22 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit.

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.

It is our understanding that the N/2 of Section 22 is a single State lease (Lease No. V-05561) in which Yates is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Yates.

It is further understood that the Cupid "AUG" State Well No. 1 is to be drilled to a total depth of approximately 13,250 feet in order to test down to the Devonian formation and that Yates is seeking this location exception based on a 3-D seismic survey of the immediate area, whereby it contends that a well drilled at this location will be at a more favorable geologic position within the Devonian formation underlying the subject state lease.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil 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