



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 14, 2001

FOR RECORD ONLY
Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: Clifton R. May

Telefax No. (505) 748-4572

Administrative Order NSL-4629

Dear Mr. May:

Reference is made to the following: (i) your application dated August 9, 2001 (*application reference No. pKRV0-122151726*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request for an unorthodox wildcat Morrow gas well location for the plugged and abandoned State of New Mexico Well No. 1 (API No. 30-025-01868), to be redesignated the Slick "AZU" State Com. Well No. 1, located 649 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 1, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico.

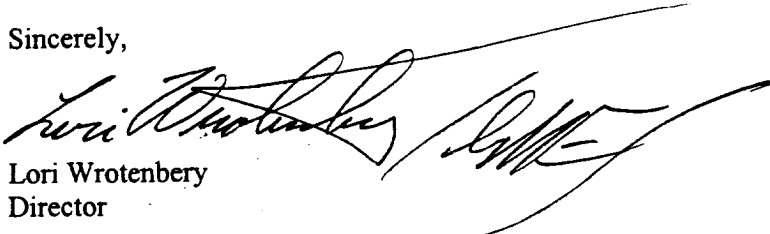
The State of New Mexico Well No. 1 was originally drilled by Slick Oil Corporation to a total depth of 13,360 feet to test the Devonian formation at a standard oil well location within a standard 39.28-acre oil spacing and proration unit comprising Lot 3 in August, 1957. In November, 1957 this well was plugged and abandoned. In October, 1976 Maralo, Inc. re-entered this well to test the Cisco formation for oil, found it to be dry, and plugged it again.

It is our understanding that Yates now intends to reenter this well in order to test the wildcat Morrow formation for gas within a standard 317.12-acre lay-down gas spacing and proration unit comprising Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 1.

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.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Morrow gas well location for the Slick "AZU" State Com. Well No. 1 is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

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