



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

July 5, 2000

Lori Wrotenbery

Director

Oil Conservation Division

FOR RECORD ONLY

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: Robert Bullock

Administrative Order NSL-4479

Dear Mr. Bullock:

Reference is made to the following: (i) your application dated June 27, 2000; 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 Mississippian gas well location for the plugged and abandoned **Arreguy "25" Well No. 1** (API No. 30-025-29998), to be redesignated the **Arreguy "AVM" Well No. 1**, located 810 feet from the North line and 510 feet from the East line (Unit A) of **Section 25, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico.**

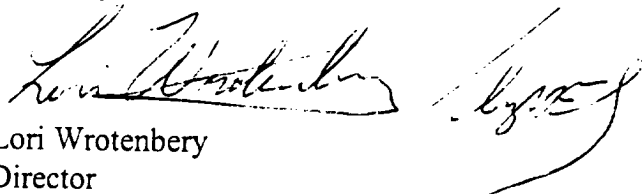
The Arreguy "25" Well No. 1 was originally drilled by Sun Exploration & Production Company to a total depth of 12,050 feet and completed in the Townsend-Permo Upper Pennsylvanian Pool at a standard oil well location in September/October 1987. In January, 1987 this well was plugged and abandoned.

It is our understanding that Yates now intends to reenter this well and deepen it to an approximate depth of 13,300 feet in order to test the Mississippian formation for gas within a standard 320-acre lay-down gas spacing and proration unit comprising the N/2 of Section 25.

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 Mississippian gas well location is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs