



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 17, 2006

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Attention: Mr. Chuck Moran

Re: **Gardner Draw Unit Well No. 5**
API No. 30-015-23433
2015' FNL & 660' FWL, Unit E,
Section 32, T-19 South, R-21 East, NMPM,
Eddy County, New Mexico

Administrative Order NSL-5490

Dear Mr. Moran:

Reference is made to the following:

- (a) Yates Petroleum Corporation's ("Yates") application for a non-standard well location (*administrative application reference No. pTDS0631935943*) for the Gardner Draw Unit Well No. 5 (formerly the Latham OC State Com Well No. 1) that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on November 13, 2006; and
- (b) the Division's records pertinent to your request.

Yates requests approval of an unorthodox gas well location for its **existing** Gardner Draw Unit Well No. 5 in the **Crooked Canyon Atoka-Morrow Gas Pool** (Gas – 97158) and the **Wildcat-Strawn Gas Pool**, which is located at an unorthodox gas well location 2015 feet from the North line and 660 feet from the West line (Unit E) of Section 32, Township 19 South, Range 21 East, NMPM, Eddy County, New Mexico. The well is to be dedicated to an existing 320-acre gas spacing and proration unit comprising the W/2 of Section 32. The Crooked Creek Atoka-Morrow and Wildcat-Strawn Gas Pools are currently governed by Division Rule 19.15.3.104.C(2).

It is our understanding that the subject well, which was drilled in 1980, has been producing from the Morrow formation for several years. The well was drilled at a standard Morrow gas well location pursuant to Division rules in effect at that time. It is further our understanding that Yates has recently completed the Atoka and Strawn intervals in the well.

Division records show that the Gardner Draw Unit Well No. 5 will be the first well in the Crooked Canyon Atoka-Morrow and Wildcat Strawn Pools within the W/2 of Section 32.

Yates has presented evidence to demonstrate that the unorthodox gas well location encroaches towards the SW/4 of Section 32, which is contained within the 320-acre spacing unit for this well. Consequently, there no adversely affected offset operators/and or interest owners.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Crooked Creek Atoka-Morrow and Wildcat Strawn Gas Pools is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division - Artesia