



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 3, 2008
Administrative Order NSL-5848

Ocean Munds-Dry, agent for
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88201

Dear Ms. Munds-Dry:

Yates NSL Application: Boomerang State Unit Well No. 1 API No. 30-005-29036

1650 feet from the South Line, 990 feet from the East line, Unit I.
Section 26, Township 8 South, Range 33 East, NMPM, Chaves County
E/2 SE/4 of Section 26 (80 Acres)

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR0813346314 for non-standard location [NSL]**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 9, 2008, on behalf of Yates Petroleum Corporation ("Yates"); and

(b) the Division's records pertinent to Yates OGRD 25575 request.

Yates proposes to drill the above referenced unorthodox oil well location for its Boomerang State Unit Well No. 1 in the Tobac Upper Penn Pool (59350) within Section 26 and requests to produce from the Bough C formation within a 80-acre, more or less, spacing unit consisting of the E/2 SE/4 of Section 26.

The Tobac Upper Penn Pool is currently governed by special pool rules established by Division Order No. R-11728, which requires standard 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.



Administrative Application: NSL-5848
Yates Petroleum Corporation
July 3, 2008
Page 2 of 2

Evidence submitted by the applicant demonstrates that the proposed unorthodox location is necessitated by subsurface conditions within the E/2 SE/4 of Section 26.

The application states that Section 26 is part of the Boomerang State Unit and that Yates is also the offsetting operator upon which the well encroaches. Working interest ownership is common in each spacing unit. Therefore there are no affected parties as defined by Rule 1210(A)(2) and no notice is required.

The Application for Permit to Drill (APD) was submitted to the Divisions district office on April 4, 2008 and was approved April 14, 2008.

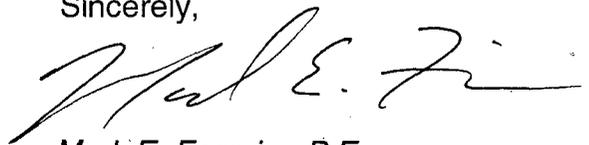
The proposed well is to be dedicated to the Tobac Upper Penn Pool forming a standard 80-acre oil spacing and proration unit.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Tobac Upper Penn Pool is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/tw

cc: New Mexico Oil Conservation Division – Hobbs