



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 30, 2006

Tony Krakauskas, CPL
Yates Drilling Company
105 South Fourth Street
Artesia, NM 88210

RE: **Parakeet Federal "29" No. 1
1535 feet FSL & 662 feet FEL
Section 29, T-19-S, R-27-E, Eddy County, NM**

Administrative Order NSL-5472

Dear Mr. Krakauskas:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS0-627741535**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 29, 2006; and

(b) the Division's records pertinent to Yate's request.

Yates Drilling Company requests to drill its Parakeet Federal No. 1 at an unorthodox San Andres location, 1535 feet from the South line and 662 feet from the East line (Unit I) of Section 29, Township 19 South, Range 27 East, N.M.P.M., in Eddy County, New Mexico.

The NE/4SE/4 (Unit I) of Section 29 will be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit pursuant to Division Rule 104.B(1) from the surface to the base of the san Andres formation.

Your application has been duly filed under the provisions of Division Rules 104.D, 104.F and 1210.A(2).

It is our understanding that the W/2NE/4, SE/4 NE/4, SE/4SW/4, and SE/4 of Section 29 is a single Federal lease No. LC-045545-B with common mineral interests in which Yates is the leasehold operator. It is also our understanding that the location was selected to conform to the United States Bureau of Land Management (BLM) requirements, and the well will be drilled on

the existing well pad for the Parrot Federal #2 well that was approved by Order No. NSL-5274-A.

Pursuant to the authority granted under the provisions of Division Rule 104.F(2), the above-described unorthodox San Andres location is hereby approved.

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/re

cc: New Mexico Oil Conservation Division - Artesia
Bureau of Land Management (BLM) - Roswell