



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 08, 2006

Ocean Munds-Dry
Associate
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, NM 87501

RE: **Crow "ASM" State Com Well No. 1
660 feet FSL & 2310 feet FWL
Section 32, T-16 -S, R-28-E, Eddy County, NMPM, New Mexico**

Administrative Order NSL-5523

Dear Ms Munds-Dry:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS0630055321**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 27, 2006, on behalf of Yates Petroleum Corporation (Yates); and

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

Yates Petroleum Corporation requests to drill its Crow "ASM" State Com Well No. 1 at an unorthodox gas well location 660 feet from the South line and 2310 feet from the West line (Unit N) of Section 32, Township 16 South, Range 28 East, N.M.P.M., in Eddy County, New Mexico.

The S/2 of Section 32 will be dedicated to this well to form a standard 320-acre gas spacing and proration unit. Yates Petroleum Corporation intends to test the Wolfcamp, Strawn, and Atoka formations. These pools are governed by the Division's Statewide Rules and Regulations which provide for wells on 320-acre spacing units to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located.

Your application on behalf of Yates Petroleum Corporation has been duly filed under the provisions of Division Rules 104. F, and 1210.A(2).

It is our understanding that the unorthodox location of this well is necessary in order to maximize recovery from the Wolfcamp, Strawn, and Atoka formations.

Pursuant to the authority granted under the provisions of Division Rules 104. F(2), the above-described unorthodox Wolfcamp, Strawn, and Atoka locations are 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