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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



November 3, 2008

Roddy Production Company, Inc.
Attn: Mr. Luke Dunn
P.O. Box 2221
Farmington, NM 87499

Administrative Order NSL-5953

Re: Yockey Well No. 7
API No. 30-045-34149
761 feet FNL and 517 feet FWL
Unite D, Section 20-27N-11W
San Juan County

RCVD NOV 10 '08
OIL CONS. DIV.
DIST. 3

Dear Mr. Dunn:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-22651935**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 13, 2008, and

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

Roddy Production Company, Inc. (Roddy) has requested to drill the above-referenced well at an unorthodox gas well location described in the caption of this letter. The N/2 of Section 20 will be dedicated to this well in order to form a standard 320-acre spacing unit in the Basin-Fruitland Coal Gas Pool (71629). Spacing in this pool is governed by the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provide generally for 320-acre units with wells to be located at least 660 feet from any unit boundary. This location is less than 660 feet from the western unit boundary.

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



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It is our understanding that you are seeking this location to accommodate existing surface uses.

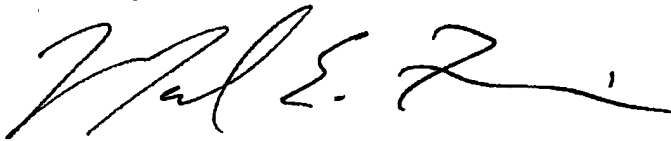
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location 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,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management - Farmington