



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

June 9, 2005

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

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

**Attention: Cy Cowan, Regulatory Agent**  
*cyc@ypcnm.com*

***Administrative Order NSL-5216***

Dear Mr. Cowan:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division's ("Division") in Santa Fe, New Mexico on June 3, 2005 (***administrative application reference No. pSEM0-515745235***); and (ii) the Division's records, including the record in Case No. 13018 (Arley Federal Exploratory Unit Agreement Order No. R-11927, dated March 25, 2003): all concerning Yates Petroleum Corporation's ("Yates") request for a non-standard deep gas well location to be applicable to any and all formations and/or pools from the top of the Wolfcamp to the base of the Chester formation that are:

- (1) developed on 320-acre spacing; and
- (2) governed under the provisions of Division Rule 104.C (2).

Lots 1 through 4 and the W/2 E/2 (E/2 equivalent) of Section 12, Township 20 South, Range 21 East, NMPM, Eddy County, New Mexico is to be dedicated to this well in order to form a standard 324.80-acre stand-up deep gas spacing unit.

Your application has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F (2) the following described well to be drilled at an unorthodox deep gas well location within this 324.80-acre unit is hereby approved:

**Arley Federal Unit Well No. 3**  
**740' FNL & 410' FEL (Lot 1/Unit A).**

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

Sincerely,

Mark E. Fesmire, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad  
File: Case No. 13018