



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 23, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

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

Administrative Order NSP-1891 (L)

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. pMES0-516037437***); (ii) the Division's initial response from Mr. Michael E. Stogner, Engineer with the Division in Santa Fe, both by e-mail and postage on Thursday morning, June 9, 2005; (iii) your reply dated June 15, 2005 with the necessary information to complete your application; and (iv) 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 the formation of the following described non-standard 367.46-acre deep gas spacing unit to be applicable to any and all formations and/or pools from the top of the Wolfcamp formation 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), which presently includes but is not necessarily limited to the Undesignated Bunting Ranch-Atoka Gas Pool (**73095**) and Undesignated Bunting Ranch-Morrow Gas Pool (**73100**):

**EDDY COUNTY, NEW MEXICO
TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM**

Irregular Section 1: Lots 1, 2, 7, 8, 9, 10, and 11, SW/4 NE/4, and W/2 SE/4.

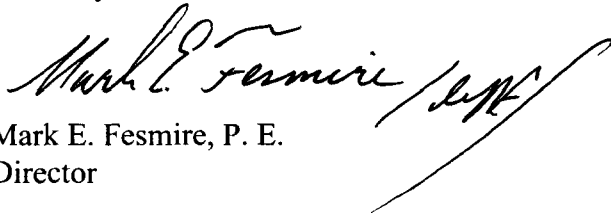
This unit is to be dedicated to Yates' proposed Arley Federal Unit Well No. 4 to be drilled at an unorthodox deep gas well location, pursuant to Division Rules 104.C (2) (a), 2153 feet from the South line and 926 feet from the East line (Lot 10/ Unit I) of Irregular Section 1.

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

By the authority granted me under the provisions of Division Rules 104.F (2) and 104.D (2) (b), the above-described unorthodox deep gas well location and 367.46-acre non-standard gas spacing unit are hereby approved.

Jurisdiction of this cause 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" followed by a stylized flourish or "P.E.".

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