



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 29, 2010

Yates Petroleum Corporation
Attn: Mr. Chuck Moran
105 South Fourth St.
Artesia, NM 88210-2118

Administrative Order NSL-6168

Re: Football BCF Federal Well No. 3
API No. 30-005-64033
1998 feet FSL and 259 feet FEL
Unit I, Section 1-12S-26E
Chaves County, New Mexico

Dear Mr. Moran:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-06755851**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 8, 2010, and

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

Yates Petroleum Corporation (Yates) has requested to re-complete the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 SE/4 of Section 1 will be dedicated to this well in order to form a standard 40-acre wildcat oil pacing unit for any formation or pool including this quarter-quarter section and now or hereafter spaced on 40 acres according to statewide rules. The SE/4 of Section 1 may be dedicated to this well to form a standard 160-acre gas spacing unit in the undesignated Sand Draw-Abo Gas Unit, or in any other gas pool including this quarter section and now or hereafter spaced on 160 acres according to statewide rules. This location is unorthodox because it is less than 330 feet from the eastern unit boundary for a 40-acre oil unit and less than 660 feet from the eastern unit boundary for a 160-acre gas unit.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).



It is our understanding that you are seeking this location in order to utilize an existing wellbore.

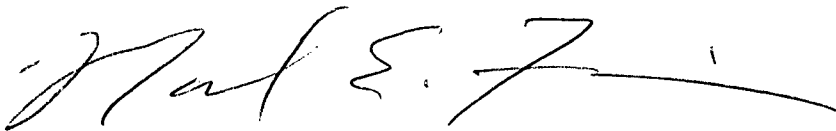
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9.

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 long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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