



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Yarbrough Oil, L. P.

c/o **Eddie W. Seay, Agent**

seay04@leaco.net

601 W. Illinois

Hobbs, New Mexico 88242

June 22, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Order NSP-1874

Dear Mr. Seay:

Reference is made to the following: (i) Oil Reports & Gas Services, Inc.'s original application filed on behalf of the operator, Yarbrough Oil, L. P. ("Yarbrough") with the New Mexico Oil Conservation Division ("Division") in Santa Fe on March 29, 2004 (*administrative application reference No. pMES0-412631001*); (ii) my letter dated May 5, 2004 denying this application; (iii) your re-submittal of this application on behalf of Yarbrough (*administrative application reference No. pSEM0-415531518*) on June 1, 2004; and (iv) the Division's records in Santa Fe, including the files in Division Case No. 13277 and Division Administrative Order NSP-1871: all concerning Yarbrough's request for a non-standard 160-acre gas spacing unit comprising the following acreage in the Jalmat Gas Pool (79240):

LEA COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 17: NE/4.

This unit is to be dedicated to Yarbrough's existing E. L. Steeler Well No. 8 (API No. 30-025-10790), located at a standard Jalmat gas well location 1980 feet from the North and East lines (Unit G) of Section 17.

Your application submitted on behalf of Yarbrough has been duly filed under the provisions of the "Special Pool Rules for the Jalmat Gas Pool," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

By the authority granted me under the provisions of Rules 4 (C) (1) (a) and 4 (D) of the special rules now governing the Jalmat Gas Pool, the above-described 160-acre non-standard gas spacing unit is hereby approved.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MS/ms

cc: New Mexico Oil Conservation Division – Hobbs