

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
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TREASURER

September 23, 2003

To: Bryan Arant NMOCD

From: Cy Cowan

Re: Samuel Smith BAS State #1
1420' FSL and 1190' FEL
Section 32, T23S-R 24E
Eddy County, New Mexico



Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found while drilling to the Morrow Formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Thank you,

YATES PETROLEUM CORPORATION

A handwritten signature of Cy Cowan in black ink.
Cy Cowan
Regulatory Agent