

NOTE TO FILE

NSL-4968

12-22-03

* 10:10 AM 12-15-2003

- Chuck Morgan w/ Yates called to check on the status of this application
- They have a ris ready and wants to move on it soon
- Will try to review today

* 1:22 PM 12-15-2003

- Tried to call Chuck Moran @ 748-4349
- Not in; left a voice mail message
- Followed up w/ an e-mail @ 2:35 PM

* Friday PM Dec. 19th

- talked w/ Chuck again
- hope to have this out on Monday, Dec. 22nd

Stogner, Michael

From: Stogner, Michael
Sent: Monday, December 15, 2003 2:36 PM
To: Chuck Moran (E-mail)
Subject: Houston BDH State Com. #2

Your NSL application of Nov. 6, 2003 is currently incomplete:

- (1) Please submit applicable geological data to support Exhibit #3; and
- (2) For pools/formations on 160 and 40 acre spacing please provide the required notification pursuant to Division Rule 1207.A (2) (a) which states, *"In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit"*.

You may fax this information to me at (505) 476-3462.

Stogner, Michael

From: Chuck Moran [cmoran@ypcnm.com]
Sent: Monday, December 15, 2003 4:33 PM
To: 'Stogner, Michael'
Subject: RE: Houston BDH State Com. #2

Mr. Stogner: All of Section 31 is covered by a Joint Operating Agreement with no depth restrictions. The leasehold is composed of two State of New Mexico Leases. Yates Petroleum Corporation is the operator. The parties to the OA are:

- Yates Petroleum Corporation - 42%
- Yates Drilling Company - 6%
- Myco Industries, Inc. - 6%
- Abo Petroleum Corporation - 6%
- Elk Oil Company - 20%
- NMR Inc. - 5%
- Elliot Industries Limited Partnership - 4%
- Elliott Hall Limited Partnership - 4%
- SLR Oil and Gas Investments, LLC - 2 %
- Genesis Limited Partnership - 5%

Thanks,

Chuck Moran
YPC

-----Original Message-----

From: Stogner, Michael [mailto:MSTOGNER@state.nm.us]
Sent: Monday, December 15, 2003 3:40 PM
To: 'Chuck Moran'
Subject: RE: Houston BDH State Com. #2

#2: With your explanation below and the information provided, I'm still not sure if the information is sufficient. Please provide me a listing of and percentage owned by each of the WI in the NE/4 of Sec. 31 and the NW/4 of Sec. 31. I can then evaluate whether any additional notification is necessary. Thanks.

-----Original Message-----

From: Chuck Moran [mailto:cmoran@ypcnm.com]
Sent: Monday, December 15, 2003 3:34 PM
To: 'Stogner, Michael'
Subject: RE: Houston BDH State Com. #2

Mr. Stogner: I will work on #1 below and will get the geologist to explain. On #2 below, the affected parties are identified (but I see your point on the spacing units) in Exhibit #4 part 1. All of these affected parties listed in part 1 own the leasehold interest in the section and signed a waiver to the application. Is this sufficient?

Thanks for your attention to this matter.

Chuck Moran
YPC

-----Original Message-----

From: Stogner, Michael [mailto:MSTOGNER@state.nm.us]
Sent: Monday, December 15, 2003 2:36 PM

Stogner, Michael

From: Chuck Moran [cmoran@ypcnm.com]
Sent: Tuesday, December 16, 2003 2:50 PM
To: Michael Stogner
Cc: Elk
Subject: Houston BDH State Com. #2

Mr. Stogner:

I attach a copy of the geologic interpretation of the seismic information prepared by Tom King of Elk Oil Company. Elk Oil Company is the owner of the seismic data and have maintained its confidential nature. Mr. King prepared the attached map based on his interpretation of the seismic information. The location we have requested is based on this time map attached.

If you need additional information, please do not hesitate to contact me. Also, in the event you need me to send a hard copy of the attached map, please send me a note by email advising of the same.

Thank you and Merry Christmas

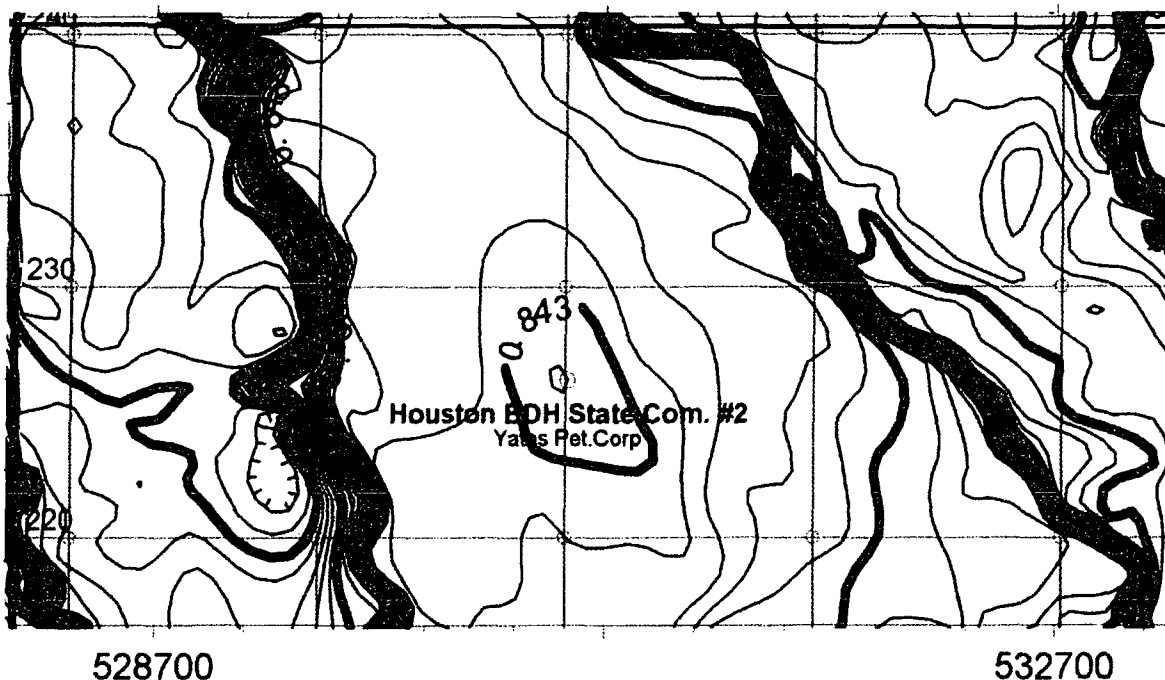
Chuck Moran
Yates Petroleum Corporation
Phone: 505-748-4349
Fax: 505-748-4572

12/16/2003

X/Y:
Feet

528700

532700

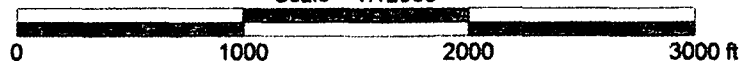


Yates Petroleum Corporation

Houston BDH State Com. #2

Location: Sec. 31- T9S- R27E (1550' FNL & 2500' FWL) Chaves, Co. New Mexico

Scale = 1:12000



Horizon: Siluro/Dev. Time Map