OIL CONSERVATION DIVISION 2040 South Pacheco Street Santa Fe, New Mexico 87505 (505) 827-7131

September 29, 1997

William F. Carr Campbell, Carr, Berge & Sheridan Attorneys At Law Post Office Box 2208 Santa Fe, New Mexico 87504-2208

RE: Motion of Yates Petroleum Corporation and Hanley Petroleum, Inc. for Stay of Division Order No. R-10864

Dear Mr. Carr:

The Oil Conservation Division hereby denies your application for a stay of Division Order No. R-10864. This denial is based on the fact that the arguments you presented in your application for a stay are the arguments that should be presented at the hearing where they could be subject to cross examination.

Very truly yours,

William J. LeMay Director

WJL/sm

cc: Jim Bruce

Tom Kellahin Scott Hall

EXHIBIT B