

CAMPBELL, CARR & BERGE, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANNIS L. FOX
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE (505) 988-4421
TELECOPIER (505) 983-6043

February 28, 1996

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Kerr-McGee Corporation
Post Office Box 25861
Oklahoma City, OK 73125-0861

Re: Oil Conservation Division Case No. 11484:
Amended Application of Yates Petroleum Corporation to Amend the Special
Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated
Pool Established by Division Order No. R-9922, Eddy County, New Mexico

Gentlemen:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking an order amending the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool to provide for no more than one well per 80-acres, to allow the simultaneous dedication of acreage to both oil and gas wells, a special limiting gas-oil ratio of 10,000 cubic feet of gas for each barrel of oil produced and a special oil allowable for the pool of 1400 barrels of oil per day.

This application has been set for hearing before a Division Examiner on March 21, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear at the hearing and present testimony. Failure to appear at that time or otherwise become a party of record in this case will preclude you from challenging the matter at a later date.

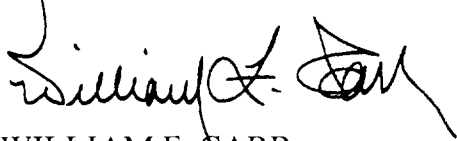
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Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a stylized flourish at the end.

WILLIAM F. CARR

ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh

Enc.

cc: Mr. Robert Bullock