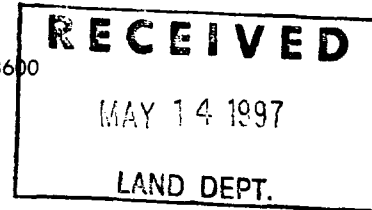


ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

May 7, 1997



VIA FAX - HARD COPY TO FOLLOW

Yates Petroleum Corporation
105 South Fourth St.
Artesia, New Mexico 88210

Attention: Mr. Bob Fant

RE. OCD Case #11782
Downhole Commingling
Sand Tank "7" Federal Com #1
990' FNL, 990' FWL Section 7-T18S-R30E
Eddy County, New Mexico
Sand Tank Prospect

Gentlemen:

Following the notification of Enron's application in the referenced case for downhole commingling of the Morrow formation (Sand Tank-Morrow Gas Pool) and the Chester formation (Sand Tank-Chester Gas Pool) in the Sand Tank "7" Federal Com. #1 wellbore, please indicate as an offset operator that you have no objection to this downhole commingling application.

Your prompt response is most appreciated.

Sincerely,

ENRON OIL & GAS COMPANY

A handwritten signature in cursive script, appearing to read "Patrick J. Tower".

Patrick J. Tower
Project Landman

PJTjr
u:\andtemp\pjtyates7.doc

Yates Petroleum Corporation, as an offset Operator has no objection to the referenced downhole commingling application.

By: A handwritten signature in cursive script, appearing to read "Robert J. Fant".
Title: Attorney-in-Fact
Date: May 9, 1997

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11782 Exhibit No. 3

Submitted by: Enron Oil & Gas Company

Hearing Date: May 15, 1997