



Resources LLC

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FACSIMILE TRANSMISSION SHEET

TO: Michael Stagner

COMPANY: Oil Conservation Division

RE: Case No. 12291 ; Yates Unorthodox Location

FROM: Mitch Beneau

DATE: 11/30/99

FAX NUMBER: (505) 827-8177

TOTAL NO. OF PAGES
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MESSAGE: _____

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VIA FAX (505) 827-8177

November 30, 1999

A handwritten signature in black ink, appearing to be "M.S.", located to the right of the date.

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Case No. 12291
Application of Yates Petroleum Corporation ("Yates")
Unorthodox Gas Well Location
Lea County, New Mexico

Dear Mr. Stogner:

The referenced case concerns an existing well which Yates plans to re-enter and deepen in the E/2 of Section 11, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. Star Acquisition VI, LLC ("Star") has agreed to acquire a working interest in offsetting acreage and wells from Merit Energy Company ("Merit"). Without our knowledge, Merit recently waived objection to Yates' unorthodox well location, and thus Star is bound by Merit's waiver. However, since Star Resources, LLC, the operating entity on behalf of Star, is a new operator in New Mexico, we would appreciate information on how such applications are being processed in light of the Division's recently revised well location rules for deep gas wells. Thank you for any information you can provide us.

Sincerely,

A handwritten signature in black ink, appearing to be "Mitchell J. Reneau", located below the word "Sincerely,".

Mitchell J. Reneau
Director of Land

cc: Merit Energy Company