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P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

September 3, 2002

VIA HAND DELIVERY

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
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OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY
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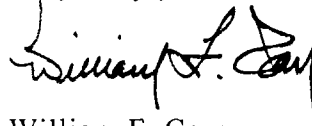
Re: Oil Conservation Division Case Nos. 12535, 12567, 12569, and
12590 de novo and Case 12738 and 12794 (Ocean Energy
Resources, Inc. / Yates Petroleum Corporation).

Dear Ms. Wrotenbery:

The above referenced cases are scheduled for hearing before the Oil Conservation Commission this month. The cases were scheduled for six months in February 2002, and the purpose of this letter is to request an additional six month continuance. Both Yates and Ocean plan to drill wells on the acreage which is the subject of this hearing. However, neither would drill this well at this time due to the current status of gas prices and both support this request for an additional six month continuance of this hearing.

James Bruce, Attorney for Ocean Energy Resources, Inc. concurs in this request and both parties agree that the underlying order should remain stayed pending the de novo hearing and Commission order in these cases.

Very truly yours,



William F. Carr
Attorney for Yates Petroleum
Corporation

cc: James Bruce, Esq.
Mr. Randy Patterson