

DATE 1/3/02	SUSPENSE 1/23/02	ENGINEER MS	LOGGED IN KN	TYPE NSL	APP NO 200334265
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☒ Working, ~~Royalty or Overriding Royalty~~ Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Chuck Moran
 Print or Type Name

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 12832 Exhibit No. 2

Submitted by:

YATES PETROLEUM CORPORATION

Hearing Date: March 7, 2002

Landman
 Title

cmoran@ypcnm.com
 e-mail Address

12-27-01
 Date

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

December 26, 2001

CERTIFIED MAIL/RETURN RECEIPT

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Michael E. Stogner

Re: Administrative Application of Yates Petroleum Corporation
for Approval of an Unorthodox Well Location
Chaves County New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation in accordance with Division General Rule 19 NMAC 15.C.104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location for any and all gas production from surface to the base of the Granite Wash or basement formation for its proposed Pay AYY Federal Com #1 to be drilled at an unorthodox gas well location of 660 feet from the North line and 330 feet from the West line (Unit D) of Section 11, Township 8 South, Range 26 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the W/2 of Section 11 for all formations in the Wolfcamp formation or older and a 160 acre spacing unit consisting of the ~~W/4~~ of Section 11 for the Abo formation, and in support states:

NW/4

- 1) Yates Petroleum Corporation (Yates) is the operator of subject well and is a working interest owner in the W/2 of Section 11. (See Exhibit # 1, plat)
- 2) Yates proposes to drill its Pay AYY Federal Com. #1 at an unorthodox gas well location of 660 feet from the North line and 330 feet from the West line (Unit D) of Section 11, Township 8 South, Range 26 East, NMPM, Chaves County, New Mexico with a primary objective of the Ordovician formation. (See Exhibit # 2, surveyed location)
- 3) The subject surface location is chosen based on the ability of Yates Petroleum Corporation (Yates) to obtain an Application for Permit to Drill from the Bureau of Land Management because of the topography of the immediate area and the underlying geology of potential productive zones.

- a) The proposed location is moved the minimal distance unorthodox off of the West line in order to have a topographically acceptable location and avoid the drainage ravine. (See Exhibit 3, Topo Map)
 - b) The proposed location still has the possibility to encounter the primary objective formation before the dolomite zeros out. (See Exhibit 4, Geological Explanation)
 - c) The Bureau of Land Management strongly disagreed with the legal location at 660' FNL and 660' FWL and recommended that we move the location to 660' FNL and 230' FWL in order to avoid the surface issues.
- 4) The subject well is to be drilled at an unorthodox location in an attempt to establish production from the lease in order to prevent drainage of the lease from the Railroad State #2 drilled at a location 660' feet from the South line and 660' from the West line, Section 2, Township 8 South, Range 26 East, NMPM.
- 5) The leases that are encroached on to the West are identified on Exhibit 1 and the owners are identified on Exhibit 5. Some waivers have been obtained from affected persons as defined by 19 NMAC 15.N.1207.A.2 and are included herein, any additional waivers will be forwarded upon receipt. (See Exhibit # 1 and #5, enclosed waivers)
- 6) In the event the Ordovician formation is not capable of commercial production in this well, then Yates intends to test all potential productive zones up hole and request this order approve the location for any productive zone for a 320 acre spacing unit, or 160 acre spacing unit as determined by the completion under the Commission's rules.

Wherefore, Yates Petroleum Corporation requests that the Division approve this matter administratively.

Respectfully submitted,

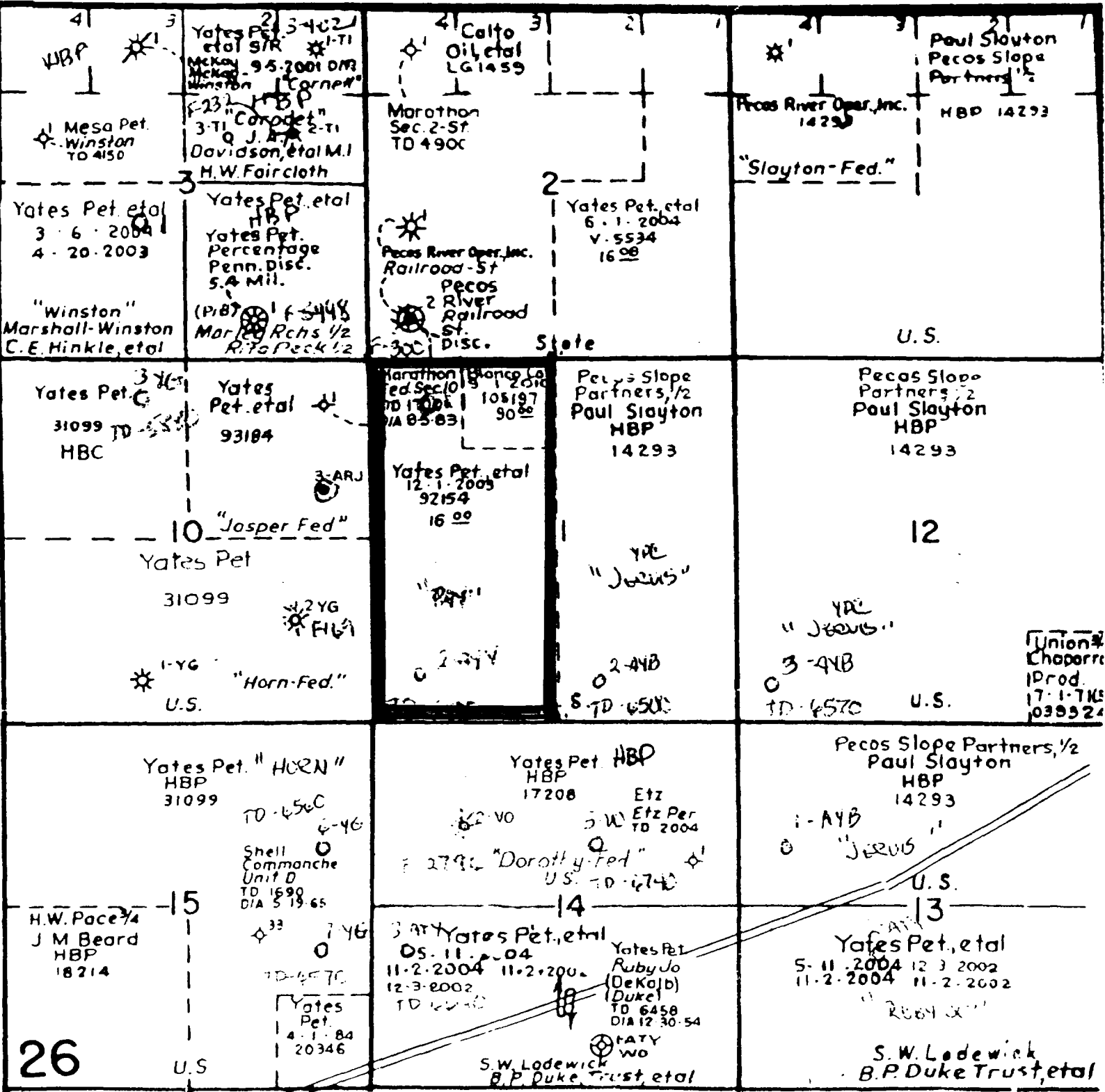
YATES PETROLEUM CORPORATION



Chuck Moran
Landman

Enclosures

Exhibit 1
Yates Petroleum Corporation
Pay AYY Federal Com. #1
660' FNL & 330' FWL
Section 11-T8s-R26E
Chaves County, New Mexico



DISTRICT II
811 South First, Artesia, NM 88210Instruction on back
Submit to Appropriate District OfficeDISTRICT III
1900 Rio Brazos Rd., Aztec, NM 87410State Lease - 4 Copies
Fee Lease - 3 CopiesDISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name	
Property Code		Property Name PAY "AYY" FEDERAL COM.			Well Number 1
OGRID No.		Operator Name YATES PETROLEUM CORPORATION			Elevation 3821

Surface Location

UL or lot No. D	Section 11	Township 8S	Range 26E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 330	East/West line WEST	County CHAVES
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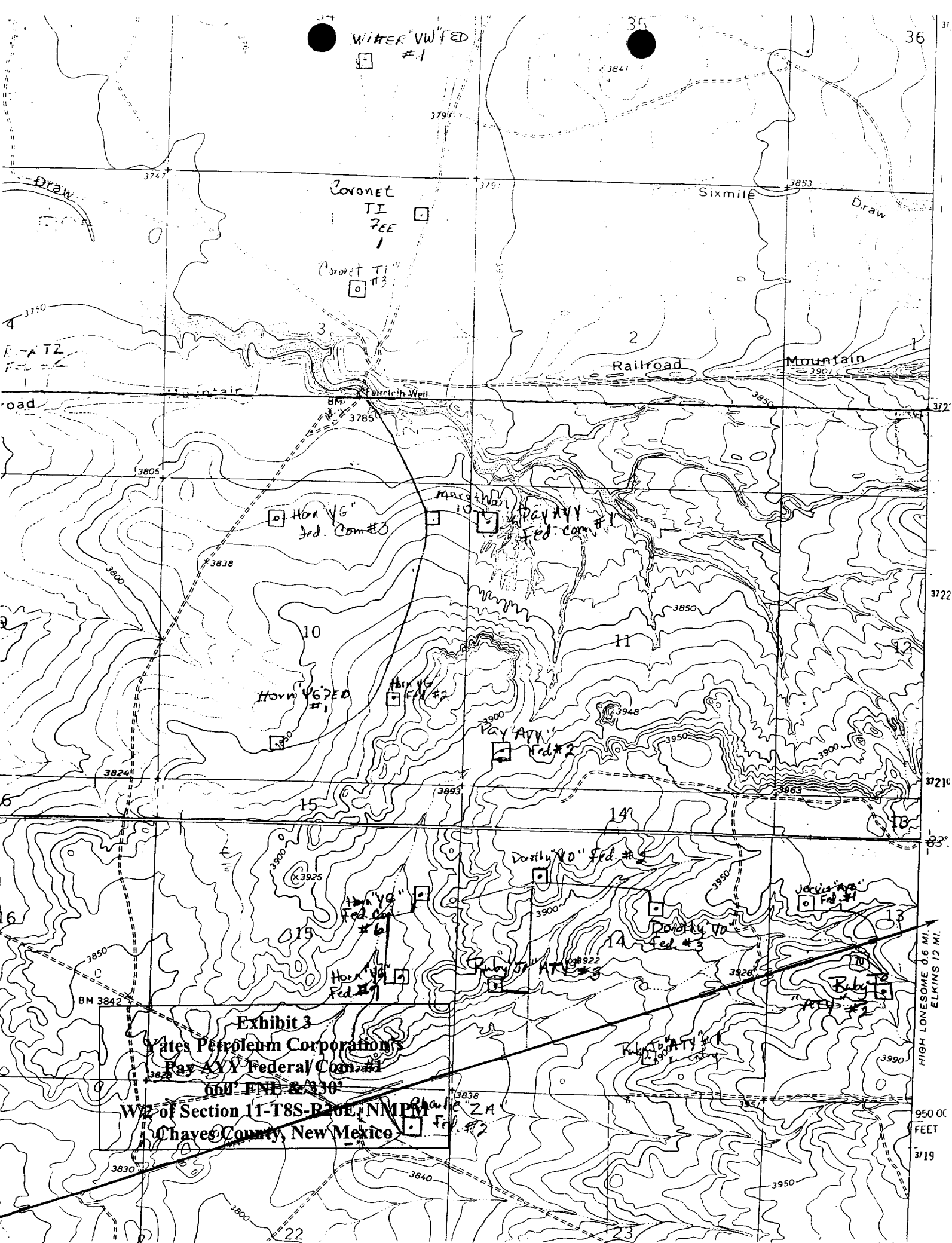
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				OPERATOR CERTIFICATION <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature _____ Printed Name _____ Title _____ Date _____
Exhibit 2 Yates Petroleum Corporation's Pay AYY Federal Com. #1 660' FNL & 330' W/2 of Section 11-T8S-R26E, NMPM Chaves County, New Mexico	SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date Surveyed 12/11/2001 Signature of Professional Surveyor _____ Certificate No. Herschel Jones RLS 3640 PAY 1 GENERAL SURVEYING COMPANY			



MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
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PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

Pay "AYY" Federal Com #1
660 FNL & 330 FWL
11-8S-26E

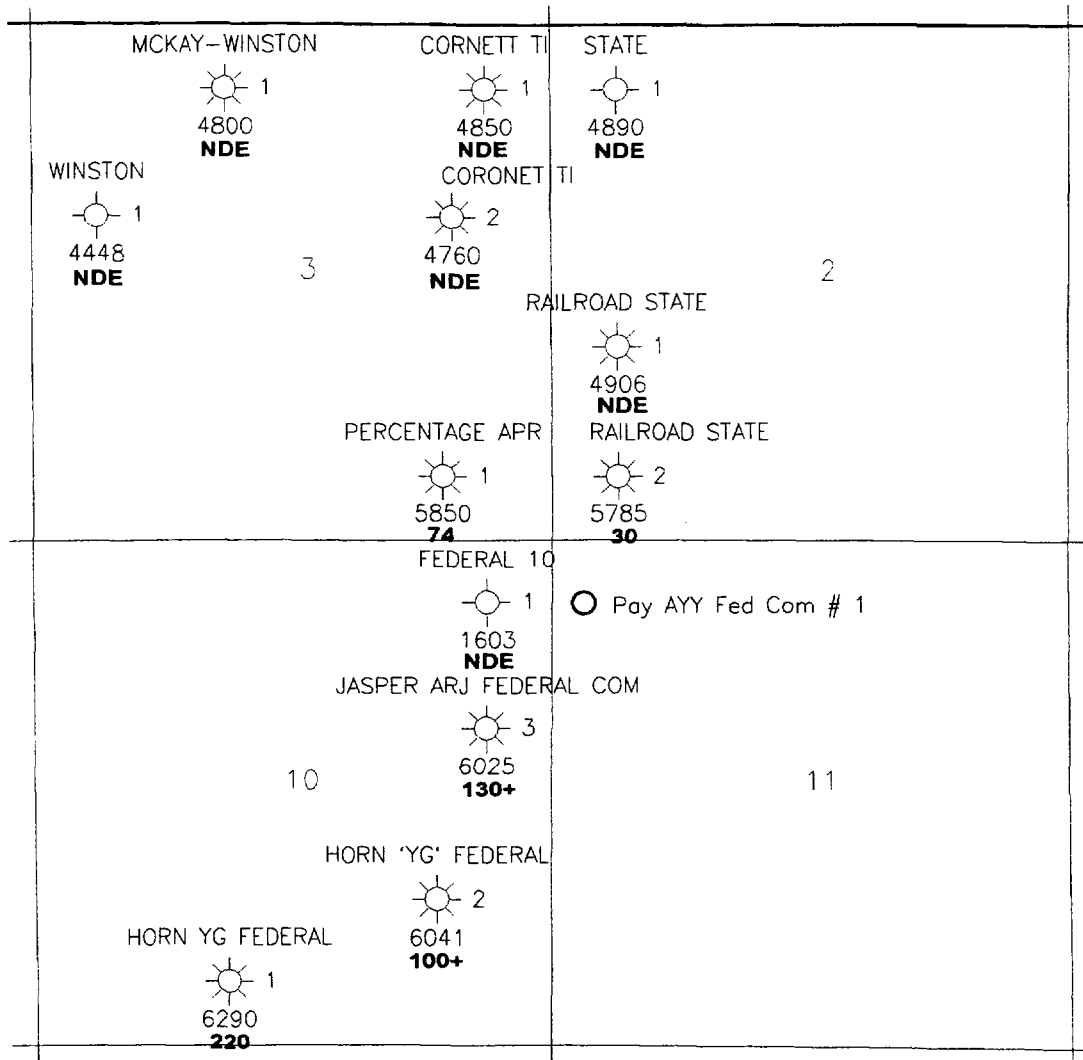
The Pay "AYY" Federal Com #1 needs to be at an unorthodox location for two reasons. The first reason is that the topography influences the location. Any location to the east of our proposed well would be in a drainage ravine. The second more important reason is that the Silurian-Devonian dolomite thins toward the east. Looking at the gross thickness of the Silurian-Devonian Plat, the deep wells that have penetrations into the dolomite to the northwest and southwest have thicker sections of dolomite. These wells are: the Horn #1 at 220', the Horn #2 at 100+', the Jasper #3 at 130+', and the Percentage #1 at 74'. The Railroad State #2 which is north-northeast of our Pay #1 location has already thinned to 30' in the dolomite from the Percentage well which is 74' to the west. The Railroad State #2 further emphasizes that moving a location farther east of our proposed location increases the risks of encountering zero dolomite.

Yates Petroleum Corporation feels that any location to the east of our Pay #1 location would jeopardize our chances of encountering a thicker dolomite reservoir and would inadequately prevent us from stopping the Railroad State #2 from draining our lease of reserves in the Silurian-Devonian dolomite.

H. Tim Miller
Geologist

Exhibit 4-1
Yates Petroleum Corporation's
Pay AYY Federal Com. #1
660' FNL & 330' FWL
W/2 of Section 11-T8S-R26E, NMPM
Chaves County, New Mexico

8 S 26 E



Yates Petroleum Corporation		
Gross Thickness Siluro-Devonian Pay AYY Fed Com #1 8 S 26 E		
Geo: I Miller		12/26/01
	Scale 1:24000	LPTMunoz.GPT

Exhibit 4-2
Yates Petroleum Corporation's
Pay AYY Federal Com. #1
660' FNL & 330' FWL
W/2 of Section 11-T8S-R26E, NMPM
Chaves County, New Mexico

Exhibit 5
Yates Petroleum Corporation's
Pay AYY Federal Com. #1
660' FNL 330' FWL
Section 11-T8S-R26E, NMPM
Chaves County, New Mexico

Township 8 South, Range 26 East, N.M.P.M. Section 10: All Chaves County, New Mexico		
Lease	Legal	WI Owners
NM-31099	Section 10: W/2, SE	Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210
NM-93184	Section 10: NE	Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation Sharbro Oil Ltd. Co. Lillie M. Yates Estate 105 South Fourth Street Artesia, New Mexico 88210
Well Name	Unit	Operator
Horn YG Federal #1	N	Yates Petroleum Corporation
Horn YG Federal #2	I	Yates Petroleum Corporation
Jasper ARJ Fed Com. #3	H	Yates Petroleum Corporation

Exhibit 5

Yates Petroleum Corporation's
 Pay AYY Federal Com. #1
 660' FNL 330' FWL
 Section 11-T8S-R26E, NMPM
 Chaves County, New Mexico

Township 8 South, Range 26 East, N.M.P.M.
Section 3: E/2
Chaves County, New Mexico

Lease	Legal	WI Owners
Various Fee Leases	E/2	Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210
Unleased Mineral Owners:	NE/4	Ms. Roxy Burkfield C/O Robert C. Armijo, Esq. Civerolo, Gralow & Hill PA P.O. Box 877 Albuquerque, New Mexico 87103-0887
	NE/4	Mr. Bryan Solsbery Mr. Dean Solsbery, Jr. C/O Lynn Slade, Esq. Modrall, Sperling, Roehl, Harris & Sisk P.A. P. O. Box 2168 Albuquerque, New Mexico 87103-2168
Well Name	Unit	Operator
Percentage APR #1	O	Yates Petroleum Corporation
Coronet TI #1	A	Yates Petroleum Corporation
Coronet TI #2	H	Yates Petroleum Corporation

Exhibit 5


Yates Petroleum Corporation's
Pay AYY Federal Com. #1
660' FNL 330' FWL
Section 11-T8S-R26E, NMPM
Chaves County, New Mexico

Township 8 South, Range 26 East, N.M.P.M.
Section 2: W/2
Chaves County, New Mexico

Lease	Legal	Operator
LG-1459	Lots 3, 4, S/2NW, SW	Pecos River Operating Inc. 550 W. Texas Avenue, Suite 720 Midland, Texas 79701
Well Name	Unit	Operator
Railroad State #1	L	Pecos River Operating Inc.
Railroad State #2	M	Pecos River Operating Inc.

Affidavit of Mailing

On this date, I certify that a complete copy of the administrative application for unorthodox location for Yates Petroleum Corporation's Pay AYY Fed. Com. #1, located 660' FNL & 330' FWL in Sec. 11: W/2, Township 8 South - Range 26 East, NMPM Chaves County, New Mexico, was mailed by certified/return receipt to the affected persons identified in the Application and said notice contained a notification that the recipient has twenty days from the date the division receives the application to file an objection to the application.



Chuck Moran
Landman

Date: 12/27/01

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

December 27, 2001

Ms. Roxy Burkfield
C/o Robert C. Armijo, Esq.
Civerolo, Gralow & Hill, PA
P.O. Box 877
Albuquerque, NM 87103-0887

***VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED***

Re: Pay AYY Federal Com #1
Township 8 South, Range 26 East, NMPM
Section 11: W/2
660' FNL & 330' FWL
Chaves County, New Mexico

Dear Ms. Burkfield:

Enclosed please find a complete copy of Yates Petroleum Corporation's Application for Unorthodox Location to drill the captioned well. Pursuant to 19 NMAC 15.c.104f(4) you have twenty (20) days from the date the New Mexico Oil Conservation Division receives the application within which to protest this application. If you have any questions or concerns please feel free to contact me at (505) 748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

CEM:hp
Enclosures

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ms. Roxy Burkfield
C/o Robert C. Armijo,
Esq. Civerolo, Gralow & Hill, PA
P.O. Box 877
Albuquerque, NM 87103-0887

2. Article Number

7001 0320 0001 3353 1920

PS Form 3811, March 2001

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X☐ Agent☐ AddresseeD. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Pay A44 Fed #1

102595-01-M-1424

U.S. Postal Service**CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage \$

Certified Fee

Return Receipt Fee
(Endorsement Required)Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$

Postmark
Here

Sent To

Ms. Roxy Burkfield

C/o Robert C. Armijo, Esq.

Civerolo, Gralow & Hill, PA

P.O. Box 877

Albuquerque, NM 87103-0887

PS Form 3800, January 2001

See Reverse for Instructions

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE**CERTIFIED MAIL**7001 0320 0001 3353 1920
7001 0320 0001 3353 1920

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
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SECRETARY
DENNIS G. KINSEY
TREASURER

December 27, 2001

Mr. Bryan Solsbery
Mr. Dean Solsbery, Jr.
C/o Lynn Slade, Esq.
Modrall, Sperling, Roehl, Harris & Sisk, PA
Bank of America Centre, Suite 1000
Albuquerque, NM 87103-2165

***VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED***


Re: Pay AYY Federal Com #1
Township 8 South, Range 26 East, NMPM
Section 11: W/2
660' FNL & 330' FWL
Chaves County, New Mexico

Gentlemen:

Enclosed please find a complete copy of Yates Petroleum Corporation's Application for Unorthodox Location to drill the captioned well. Pursuant to 19 NMAC 15.c.104f(4) you have twenty (20) days from the date the New Mexico Oil Conservation Division receives the application within which to protest this application. If you have any questions or concerns please feel free to contact me at (505) 748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION


Chuck Moran
Landman

CEM:hp
Enclosures

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Mr. Bryan Solsbery
Mr. Dean Solsbery, Jr.
C/o Lynn Slade, Esq.
Modrall, Sperling, Roehl, Harris & Sisk, PA
Bank of America Centre, Suite 1000
Albuquerque, NM 87103-2165

2. Article Number

7001 0320 0001 3353 1937

PS Form 3811, March 2001

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

☐ Agent
☐ AddresseeD. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.4. Restricted Delivery? (Extra Fee) ☐ Yes

Pay 44 Fed com #1

102595-01-M-1424

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OF THE RETURN ADDRESS. FOLD AT DOTTED LINE
CERTIFIED MAIL7001 0320 0001 3353 1937
7001 0320 0001 3353 1937**U.S. Postal Service****CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

Postage \$

Certified Fee

Return Receipt Fee
(Endorsement Required)Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$

Postmark
Here

Sent To

Mr. Bryan Solsbery

Mr. Dean Solsbery, Jr.

Street, Apt. No.,
or PO Box No.

C/o Lynn Slade, Esq.

City, State, ZIP+4

Modrall, Sperling, Roehl, Harris & Sisk, PA

Bank of America Centre, Suite 1000

Albuquerque, NM 87103-2165

PS Form 3800, January 2001

See Reverse for Instructions

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

December 27, 2001

Pecos River Operating, Inc.
550 W. Texas Avenue, Suite 720
Midland, Texas 79701

***VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED***

Re: Pay AYY Federal Com #1
Township 8 South, Range 26 East, NMPM
Section 11: W/2
660' FNL & 330' FWL
Chaves County, New Mexico

Gentlemen:

Enclosed please find a complete copy of Yates Petroleum Corporation's Application for Unorthodox Location to drill the captioned well. Pursuant to 19 NMAC 15.c.104f(4) you have twenty (20) days from the date the New Mexico Oil Conservation Division receives the application within which to protest this application. If you have any questions or concerns please feel free to contact me at (505) 748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

CEM:hp
Enclosures

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Pecos River Operating, Inc.
550 W. Texas Ave., Suite 720
Midland, TX 79701

2. Article Number

7001 0320 0001 3353 1944

PS Form 3811, March 2001

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X☐ Agent
☐ AddresseeD. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ YesPay A44 Fed Com #1

102595-01-M-1424

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLLOWING DOTTED LINE

CERTIFIED MAIL

7001 0320 0001 3353 1944
7001 0320 0001 3353 1944**U.S. Postal Service****CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

Postage \$

Certified Fee

Return Receipt Fee
(Endorsement Required)Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$

Sent To

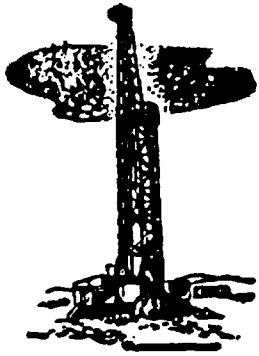
Pecos River Operating, Inc.

Street, Apt., Box, or P.O. Box No. 550 W. Texas Ave., Suite 720

City, State, ZIP+4 Midland, TX 79701

PS Form 3800, January 2001

See Reverse for Instructions



YATES DRILLING COMPANY

105 SOUTH FOURTH STREET -- (505) 748-1471

FAX (505) 746-2268

ARTESIA, NEW MEXICO 88210

PEYTON YATES
PRESIDENT

S. P. YATES
VICE PRESIDENT

RANDY G. PATTERSON
SECRETARY

DENNIS G. KINSEY
TREASURER

December 26, 2001

Mr. Chuck Moran
Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

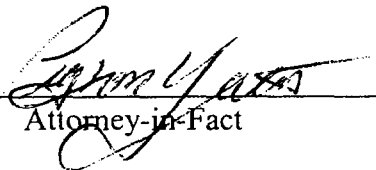
Re: Pay AYY Federal Com #1
Township 8 South, Range 26 East, NMPM
Section 11: W/2
660' FNL & 330' FWL
Chaves County, New Mexico

Dear Mr. Moran:

We have received Yates Petroleum Corporation's application for an unorthodox location for the proposed Pay AYY Federal Com #1 located 660' FNL and 330' FWL of Section 11, Township 8 South, Range 26 East, NMPM. Yates Drilling Company hereby waives objection to the proposed location.

Very truly yours,

YATES DRILLING COMPANY

By: 
Attorney-in-Fact



ABO PETROLEUM CORPORATION

Oil Producers

ARTESIA, NEW MEXICO 88210

105 SOUTH 4TH STREET
PHONE (505) 748-1471

December 26, 2001

Mr. Chuck Moran
Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

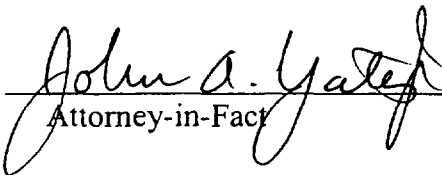
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Section 11: W/2
660' FNL & 330' FWL
Chaves County, New Mexico

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We have received Yates Petroleum Corporation's application for an unorthodox location for the proposed Pay AYY Federal Com #1 located 660' FNL and 330' FWL of Section 11, Township 8 South, Range 26 East, NMPM. Abo Petroleum Corporation hereby waives objection to the proposed location.

Very truly yours,

ABO PETROLEUM CORPORATION

By: 
Attorney-in-Fact



MYCO INDUSTRIES, INC.
OIL PRODUCERS
POST OFFICE BOX 840
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471

December 26, 2001

Mr. Chuck Moran
Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

Re: Pay AYY Federal Com #1
Township 8 South, Range 26 East, NMPM
Section 11: W/2
660' FNL & 330' FWL
Chaves County, New Mexico

Dear Mr. Moran:

We have received Yates Petroleum Corporation's application for an unorthodox location for the proposed Pay AYY Federal Com #1 located 660' FNL and 330' FWL of Section 11, Township 8 South, Range 26 East, NMPM. Myco Industries, Inc. hereby waives objection to the proposed location.

Very truly yours,

MYCO INDUSTRIES, INC.

By: Sharon Snowden
Corporate Secretary

SHARBRO OIL LTD. CO.

331 West Main, Suite C • P.O. Box 840
Artesia, New Mexico 88211-0840
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Dear Mr. Moran:

We have received Yates Petroleum Corporation's application for an unorthodox location for the proposed Pay AYY Federal Com #1 located 660' FNL and 330' FWL of Section 11, Township 8 South, Range 26 East, NMPM. Sharbro Oil Ltd. Co. hereby waives objection to the proposed location.

Very truly yours,

SHARBRO OIL LTD. CO.

By: Sharon Snowden
Manager