

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S. P. YATES
1914-2008



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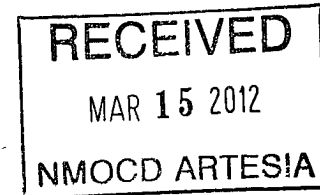
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CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

March 14, 2012

State of New Mexico Oil Conservation Division
Attention: Randy Dade
811 S. First Street
Artesia, NM 88210



Re: Suburb "AZA" 36 State Com #1
& Pinto 36 State Com 4H - Spacing
Township 18 South, Range 25 East
Section 36: NENE
Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation is the operator of the Suburb "AZA" 36 State Com #1. The well spacing covers the north half of Section 36, T18S, R25E. COG Operating LLC recently filed an Application for Permit to Drill ("APD") for the Pinto 36 State #4H. The APD was rejected because the bottom hole location (330' FNL & 1040' FEL) is in the same spacing as the Suburb "AZS" 36 State Com #1 well.

Yates Petroleum Corporation does not oppose the bottom hole location for the Pinto 36 State #4H APD from COG Operating LLC.

Please let me know if you need any more information in order to get the above mentioned APD approved.

Sincerely,

John A. Yates, Jr.
Attorney-in-Fact

JY/mh

c: David Brooks, Engineer
Stuart A. Dirks, CPL, CDOA