



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

January 7, 2004

Yates Petroleum Corp
ATT: Cliff May
105 South 4th Street
Artesia NM 88210

RE: Southern Union ATO State
#1-I, 1-11s-34e
API # 30-025-25169

Dear Cliff:

Per our phone conversation on January 6, 2004 about the status of the Re-entry of the Southern Union ATO State. You stated that Yates did not plan to Re-entry the well listed above. But would like to drill the new well Lagarto AMZ State #2-J, Sec.1, T-11s, R-34e and produce from the Mississippian formation.

To keep the records straight as to what well you are going to drill and produce from the Mississippian formation, I am writing this letter to cancel the intent to Re-entry the Southern Union ATO State #1.

If you have any questions on this matter, please let me know.

Yours truly,

OIL CONSERVATION DIVISION

Donna Mull
Line Manager-Natural Sciences

Cc: OCD Santa Fe
BLM
State Land Office
OCD file