

HOLLAND & HART



William F. Carr
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February 12, 2004

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: SURFACE OWNERS AND LEASEHOLD OPERATORS WITHIN 1/2 MILE OF EACH PROPOSED INJECTION WELL IN THE NORTH DAGGER DRAW-UPPER PENNSYLVANIAN UNIT, EDDY COUNTY, NEW MEXICO.

Re: Application of Yates Petroleum Corporation for approval of a waterflood project, and for qualification of the project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the application of Yates Petroleum Corporation (Oil Conservation Division Form C-108) in the above-referenced case for approval of a waterflood project in the proposed North Dagger Draw-Upper Pennsylvanian Unit Area. Water will be injected into the unitized interval of the Canyon formation and the waterflood project will be expanded as additional injection wells are added until it includes the entire Unit Area as fully described in the application.

This application has been set for hearing before a Division Examiner on March 4, 2004 at the Oil Conservation Division Hearing Room in its Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, NM 87505. You are not required to attend this hearing, but as an owner of the surface of the land upon which the injection well will be located, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement three days in advance of a scheduled hearing at the Oil Conservation Division's Santa Fe Office. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr
Attorney for Yates Petroleum Corporation

Enclosure

cc: Mr. Randy Patterson

Holland & Hart

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Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C.

**Application of Yates Petroleum Corporation
for Approval of a Waterflood Project
and for Qualification of the Project
for the Recovered Oil Tax Rate
Pursuant to the Enhanced Oil Recovery Act
Eddy County, New Mexico**

EXHIBIT A

NOTICE LIST

Bureau of Land Management
P. O. Box 1778
620 E. Greene Street
Carlsbad, NM 88220-6292

Ross Ranch
205 Indian Trail
Searcy, AZ 72143

Harold N. Houghtaling
P. O. Box 234
Artesia, NM 88211-0234

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

44519-0051
 WFC

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Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.26

Sent To: Bureau of Land Management
 P. O. Box 1778
 620 E. Greene Street
 Carlsbad, NM 88220-6292

PS Form 3800, July 1999

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- 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:

Bureau of Land Management
 P. O. Box 1778
 620 E. Greene Street
 Carlsbad, NM 88220-6292

2. Article Number (Copy from service label)

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PS Form 3811, July 1999

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C. Signature *[Signature]*
 Agent
 Addressee
 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
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 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

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 P. O. Box 234
 Artesia, NM 88211-0234

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2. Article Number (Copy from service label)

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[Signature]
 C. Signature
 Agent
 Addressee
 D. Is delivery address different from item 1? Yes
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3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

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Sent To: Ross Ranch
 205 Indian Trail
 Searcy, AZ 72143

PS Form 3800, July 1999

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1. Article Addressed to:

Ross Ranch
 205 Indian Trail
 Searcy, AZ 72143

2. Article Number (Copy from service label)

7001 1140 0002 5602 0243

PS Form 3811, July 1999

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 Addressee
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 If YES, enter delivery address below: No

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 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes