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January 10, 1996

**VIA FACSIMILE AND FIRST CLASS MAIL**

Mr. William LeMay  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87504

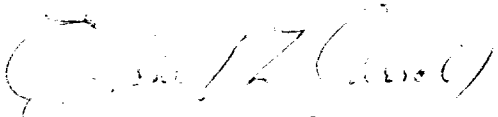
Re: Case No. 11358; Order Nos. R-7637-A and R-8139-A

Dear Mr. LeMay:

We are in receipt of the above-referenced orders of the Division entered on December 26, 1995. That portion of the order which rescinded Division Administrative Order SWD-336 dated March 3, 1988, authorizing Yates Petroleum Corporation to convert the existing Osage Well No. 1, API No. 30-015-20890 located 1980' from the north and east lines (Unit G) of Section 21, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico, shall not be appealed. The reason Yates shall not elect to take that order to a de novo hearing is that the well is presently not being used as a disposal well. Disposal was terminated in that well pending further development in the NE/4 of Section 21, Township 19 South, Range 25 East. The Ross EG Fed Com #14 well in the NW/4 NE/4 has been drilled and completed and from all appearances is going to be an excellent well. At the present time Yates has sufficient salt water disposal capacity. Yates further puts the Division on notice that in all likelihood, at some future date Yates may file a new application to use the Osage Well No. 1 as a salt water disposal well or an injector for pressure maintenance.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

  
Ernest L. Carroll

ELC:kth

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