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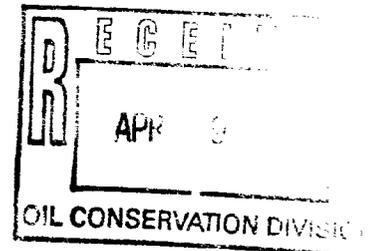
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April 29, 1996

VIA FACSIMILE AND HAND-DELIVERED

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
Santa Fe, New Mexico 87505



Rand Carroll, Esq.
Division Attorney
Oil Conservation Division
New Mexico Department of Energy,
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2040 South Pacheco
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Division Case No. 11525:
Application of Yates Petroleum Corporation for amendments to allowables
and cancellation of overproduction in the North Dagger Draw-Upper Penn
Pool, Eddy County, New Mexico

and

New Mexico Oil Conservation Division Case No. 11526:
Application of Yates Petroleum Corporation for amendments to allowables
and cancellation of overproduction in the South Dagger Draw-Upper Penn
Pool, Eddy County, New Mexico

Gentlemen:

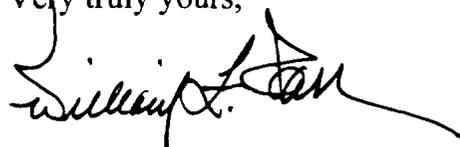
Yates Petroleum Corporation has received copies of the Request for Continuance filed by
Conoco Inc. in each of the above-referenced cases.

Michael E. Stogner, Hearing Examiner
Rand Carroll, Esq., Division Attorney
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
April 29, 1996
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We met with Mr. Tim Gum, District Supervisor of Oil Conservation Division District II concerning allowables and the overproduced status of certain wells in each of the pools which are the subject of the above-referenced cases. During this meeting with Mr. Gum, representatives of Yates advised Mr. Gum that they would bring this matter to hearing before the Division at the earliest possible time. The applications currently set for hearing on May 2, 1996 are the result of those representations to Mr. Gum. Yates will be prepared to present its cases to the Division at that time.

Yates Petroleum Corporation is unable to evaluate the impact of the above-referenced applications on other operators in the pool. Accordingly, Yates takes no position on the Motion for Continuance. We believe this motion should be weighed by the Division in the light of the arguments raised therein. Should the Division determine that a continuance is necessary, Yates will be prepared to present testimony in support of these applications at the time and place directed by the Examiner.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh

cc: W. Thomas Kellahin, Esq. (**Hand-Delivered**)