

SANDERS OIL & GAS COMPANY

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MICHA, OFFICE December 21, 1994

State of New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division P. O. Drawer DD Artesia, NM 88211

Attention: Mae Morgan

Reference: <u>Rose-Cannon #1 - SE/4 Section 17, Township 10 S., Range 25 East, NMPM,</u> <u>Chaves Co., NM</u>

Dear Ms Morgan:

Your office confirmed to us this morning that Yates Petroleum Corporation had filed a sundry notice for change of operator from Sanders Oil & Gas Company to Yates Petroleum Corporation.

It is our understanding that as of January 1, 1994, that any change of operator must be acknowledged and approved by the existing operator on form C-104.

We further understand that the sundry notice submitted by Yates has not been approved by your Department because the necessary approval to change the operator has not been authorized by Sanders Oil & Gas Company.

This letter is to advise and confirm to the New Mexico Energy, Minerals and Natural Resources Department that Sanders Oil & Gas Company has no intention of relinquishing their status as operator of the above named Rose-Cannon Well to Yates Petroleum Corporation. Furthermore, Sanders would resist any attempt by Yates to accomplish a change of operator on any portion of acreage within the 160 acres dedicated to said well.

Thank you.

Respectfully,

C. W. Sanders Owner

Copy: Yates Petroleum Corporation Lee D. Vendig, Attorney at Law Ernest L. Carroll, Attorney at Law

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