MARTIN YATES, III 1912 - 1985 FRANK W. YATES 1936 - 1986



S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEVTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

Because working interests for the wells are different, oil from each of the wells will be measured by turban metering equipment. Gas from the wells will be measured subtraction method from well tests. Allocation is done monthly based off of well tests. This allocation will ensure that all production from each of the wells is equitably accounted for with no significant effect on your revenue.

In accordance with the Oil Conservation Division's Rules 303-B, 309-B and 309-C, the following diagrams and maps are enclosed for you information.

If you should have any questions, please give me a call at (505) 748-4213 (direct line).

Thank you for your cooperation

Sincerely,

Shannon Welk

Shannon Wolf Production Clerk

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Enclosure