

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
PAUL R. OWEN  
ANTHONY F. MEDEIROS

JACK M. CAMPBELL  
1916-1999

1-3-00  
K B

JEFFERSON PLACE  
SUITE 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 958-4421  
FACSIMILE: (505) 963-8043  
E-MAIL: ocbepa@ix.netcom.com

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**BY FACSIMILE AND MAIL**  
FAX NO. (505) 748-4572

Ms. Janet Richardson  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

*Re: Oil Conservation Division Approval of well locations for the Avalon "ASZ"  
State Com Well Nos. 1 and 2.*

Dear Janet:

On Thursday, December 30, 1999, I again discussed with Michael Stogner, the problems we had in our efforts to get the Oil Conservation Division to approve locations for the Avalon "ASZ" State Com Well Nos. 1 and 2. Early that afternoon Stogner called to advise that the Division had inadvertently issued two orders numbered R-8170-E-1 and that one of these orders provided that the Burton Flat-Morrow Gas Pool be operated under the Division's State wide rules.

I met with Mike and David Catanach this morning, and they agree that the pool is governed by the new spacing rules. Accordingly, I have delivered the enclosed letter and Mr. Catanach and asked him to call Tim Gum and advise that the APD for the Avalon "ASZ" State Com Well No. 2 can now be approved.

If you have questions concerning this matter, please call.

Very truly yours,



William F. Carr

WFC/md  
Enclosure