

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1988



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

S. P. YATES
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June 24, 1992

Santa Fe Energy Co
500 W. Illinois
Midland, Texas 79701

ATTN: Mr. Gary Green

RE: Approval of Yates Petroleum Corporation Proposal to downhole commingle production from the Bone Spring and Delaware in the Pauline ALB St. 6 located 1980' FSL, 1980' FEL, Section 32-23S-31E, Eddy Co., New Mexico.

Dear Mr. Green:

Yates Petroleum Corporation proposes to downhole commingle the Bone Spring from 8036' to 8046' with Delaware Sand zones from 7510' to 7936' in the referenced well. The top of the Bone Spring formation is at approximately 8000'. Our reason for doing this is to maximize productivity while minimizing expenditures.

We desire to initiate well work as soon as possible and because the New Mexico Oil and Gas Conservation Commission requires that notice be sent to the offset operators when proposing to downhole commingle, we are respectfully asking you to approve this letter stating that you have no objections to our proposal to downhole commingle the Bone Spring and Delaware formations. We would be most appreciative of a prompt response to this letter.

Please call Brian Collins at (505)748-1471 if you have questions or require further information. Please signify your approval by signing below and faxing this letter back to me (505)748-9758.

Sincerely,

Clifton May
Permit Agent

CM/cvg

*We have no objection to Yates' proposal to downhole commingle the Bone Spring and Delaware formations in the Pauline ALB St. 6 (J-32-23S-31E).

Name: Gary Green
Gary Green
Title: Division Landman
Santa Fe Energy Operating Partners, L.P.
Company: _____
Date: July 6, 1992

* Subject to Yates Petroleum Corporation's agreement to any objections to a similar proposal on Santa Fe's off acreage.