

MARTIN YATES, III  
1912 - 1982  
FRANK W. YATES  
1932 - 1982



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

E. P. YATES  
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TREASURER

June 24, 1992

Phillips Petroleum Company  
4001 Panbrook  
Odessa, Texas 79762

ATTN: Mr. Larry Sanders

RE: Approval of Yates Petroleum Corporation Proposal to downhole commingle production from the Bone Spring and Delaware in the Pauline ALB St. 6 located 1880' FSL, 1880' FEL, Section 32-238-31E, Eddy Co., New Mexico.

Dear Mr. Sanders:

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-32-238-31E).

Name: A. R. Wier  
Title: Res. Eng. Director  
Company: Phillips Petr. Co.  
Date: 6/24/92