

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



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April 30, 2001

Commissioner of Public Lands
PO Box 1148
Santa Fe, New Mexico 87504-1148

Via Facsimile
505-827-4739

Re: State of New Mexico
Oil & Gas Leases
VO-4859 and VB-0484
Section 32, T23S-R25E
Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation, as operator, is planning to re-enter the Buddy "AYW" State Com #1 well at a location 1,980' FNL and 1,980' FEL in Section 32, T23S-R25E to test the Strawn Formation at approximately 9,858' and will be pursuing these operations across the expiration date of the captioned leases.

Attached is a copy of the rental payment made April 13, 2001 for VB-0484 in the amount of \$200.00. Rental in the amount of \$160.00 for VO-4859 in payment of the sixth-year rental will be hand delivered April 30, 2001 by Federal Abstract Company.

We propose to invoke Paragraph 14 of the state lease form and drill pursuant to Paragraph 14. Please advise if there are any further requirements.

Thank you very much.

Very truly yours,

YATES PETROLEUM CORPORATION

Rob Bullock
Landman

RB/jf
Enclosures