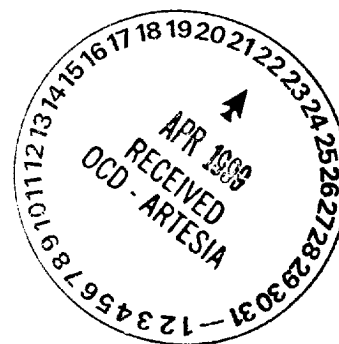




NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 20, 1999



Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Robert Bullock

Re: Application dated April 15, 1999 for the Yates Petroleum Corporation to drill its proposed Concho "ACT" State Com. Well No. 1 at an unorthodox gas well location to test the Undesignated Crow Flats-Morrow Gas Pool 1650' FSL & 660' FEL (H) of Section 8, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

Dear Mr. Bullock:

I am returning the subject application. An active APD for the Morrow interval underlying the N/2 of Section 8 exists for Concho Resources, Inc.'s proposed Chama "8" Federal Com. Well No. 1 (**API No. 30-015-30472**) to be drilled at a standard gas well location in Unit "B" of Section 8 (see copy of the Division's records attached).

Should you have additional information concerning this matter please resubmit your application with full details.

Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad
William F. Carr, Legal Counsel for Yates Petroleum Corporation – Santa Fe
Kathy Valdes, NMOCD – Santa Fe