

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



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March 5, 2012

Certified Mail / Return Receipt

Mr. Daniel Sanchez
EMNRD – Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Agreed Compliance Order ACO 235-A

Mr. Daniel Sanchez:

As a follow up to our phone conversation in February concerning the above agreed compliance order, listed below the wells for which Yates Petroleum Corporation has acted on in compliance with the captioned Agreed Compliance Order. The engineers report these wells which have been recompleted, plugged or in the process of being recompleted as of February 1, 2012:

| Well Name | API # | Description of Work |
|------------|------------|---|
| NDDUP #98 | 3001526976 | Well has been plugged. |
| NDDUP #21 | 3001528542 | Well has been recompleted to the Yeso |
| NDDUP #43 | 3001528541 | Well has been plugged back to the Yeso and is waiting on a drilling rig to drill a horizontal well in Yeso section. |
| NDDUP #69H | 3001528405 | Yeso recompletion in progress |
| NDDUP #76 | 3001526948 | Yeso recompletion in progress |
| NDDUP #92 | 3001528397 | Yeso recompletion in progress |
| NDDUP #117 | 3001528150 | Yeso recompletion in progress |

At this time we respectfully request an extension of the ACO-235.

Very truly yours,

YATES PETROLEUM CORPORATION.

Chuck Moran
Chief Landman

CC: Pinson McWhorter- YPC
Michelle Taylor- YPC
Mike Hill- YPC
Jim Pringle - YPC

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