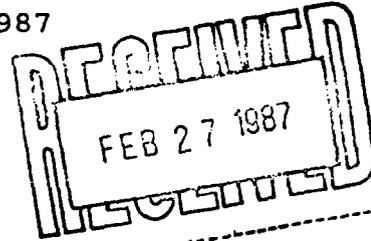


Randy

*Dave Boreau  
Any problem with this?  
TX  
B*

PADILLA & SNYDER  
ATTORNEYS AT LAW  
200 W. MARCY, SUITE 212  
P.O. BOX 2523  
SANTA FE, NEW MEXICO 87504-2523  
(505) 988-7577

February 26, 1987



Certified Mail Return Receipt Requested

Yates Petroleum Corporation  
207 S. Fourth Street  
Artesia, New Mexico 88210

Attention: Randy Patterson

Re: South Teas Federal No. 1 Well, 1980 FNL and 2310  
FEL of Section 23, T205, R33E, NMPM, Lea County,  
New Mexico

Dear Mr. Patterson:

Enclosed is a copy of the application of Julian Ard for  
downhole commingling for the above-referenced well.

Inadvertently the original mailing of the application  
to Yates Petroleum was sent by Mr. Ard's office to an  
address in Houston, Texas.

Recently, the Oil Conservation Division, notified us of  
the address discrepancy, and, therefore, this letter is  
intended to resolve the problem noted above.

Because the Oil Conservation Division appears to be  
ready to approve the application, I would appreciate your  
early consideration of the application.

*Randy,  
Yates should sign waiver. This  
will not affect us. Only discrepancy  
I notice is difference between suggested  
allocation of production and actual test numbers.  
Dave Boreau  
2-27-87*

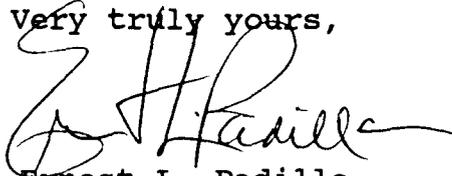
Yates Petroleum Corporation  
February 26, 1987  
Page 2

South Teas Federal No. 1 Well  
1980 FNL & 2310 FEL of Sec. 23  
Township 20 South, Range 33 East  
Lea County, New Mexico

Should Yates Petroleum be amenable to waiving objection to the application please signify such waiver by signing the waiver below or your own form of waiver.

Best regards.

Very truly yours,



Ernest L. Padilla

ELP/ys

Enclosure as stated

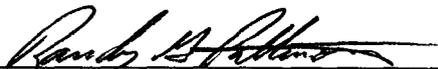
c: Julian Ard  
David Catanach, Oil Conservation Division

WAIVER

Yates Petroleum Corporation hereby waives objection to the subject application of Julian Ard for downhole commingling.

3.11.87  
JAY OK

Yates Petroleum Corporation

By:   
Attorney-in-Fact

Date: March 12, 1987