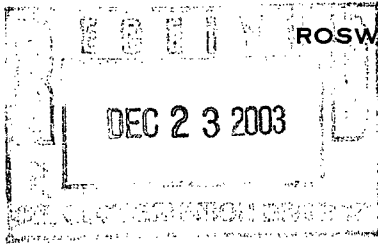


ELK OIL COMPANY

JOSEPH J. KELLY
PRESIDENT



BOX 310
ROSWELL, NEW MEXICO 88202
(505) 623-3190

December 18, 2003

Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Michael Stogner

Re: Conestoga State #1 Well
Township 8 South, Range 27 East, NMPM
Section 14: 330' FSL and 990' FEL
Chaves County, New Mexico


Gentlemen:

Enclosed please find letter dated December 16, 2003 from Yates Petroleum Corporation to Elk Oil Company granting non-standard approval for the above referenced well.

If there are any further questions, please advise.

Yours very truly,

ELK OIL COMPANY



Joseph J. Kelly
President

JJK/jgb
Enc.

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

December 16, 2003

Elk Oil Company
Attn: Joe Kelly
P. O. Box 310
Roswell, NM 88202-0310

Re: Conestoga State #1 Well
Township 8 South, Range 27 East, NMPM
Section 14: 330' FSL and 990' FEL
Chaves County, New Mexico

Dear Mr. Kelly:

Yates Petroleum Corporation as operator of the S/2 of Section 13 and as a working interest owner in Section 24 of Township 8 South, Range 27 East and Yates Drilling Company, Myco Industries, Inc. and Abo Petroleum Corporation as working interest owners in S/2 of Section 13 and Section 24, hereby waive objection to Elk Oil Company's re-entry of the captioned well at said location. Said waiver is based on the belief and understanding that the Conestoga State #1 well is a re-entry of an existing well bore located at 330' FSL and 990' FEL of Section 14, Township 8 South, Range 27 East, NMPM. In the event this understanding is not correct, we withdraw this waiver.

If you have any question please contact me at (505) 748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION


Chuck Moran
Landman

CEM:tv