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March 10, 1995

Mr. David Catanach  
Hearing Examiner  
2040 S. Pacheco  
Santa Fe, NM 87504

Re: Application of Yates Petroleum Corporation for  
Compulsory Pooling, Case No. 11210/Rose Cannon  
AOR Com Well No. 1

Dear Mr. Catanach:

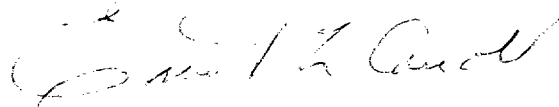
Pursuant to our conversation with respect to those costs to which Yates proposes to have the non-consent penalty applied, I am providing herewith as a separate exhibit a list of the costs incurred by Yates to bring the Rose Cannon AOR Com Well No. 1 on line. As you will note, none of these costs include the original cost of drilling this well. It is Yates' position that those costs were incurred prior to this date and should not be subject to the non-consent penalty being requested in the forced pooling hearing.

I would request that this letter and the exhibit be made a part of the official record of the case as presented by Yates Petroleum Corporation for compulsory pooling.

Should there be any further information required, do not hesitate to contact me.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth  
Encl.

xc: Rob Bullock