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April 18, 1995

VIA FACSIMILE AND FIRST CLASS MAIL

Mr. Mr. Michael Stogner, Hearing Examiner
New Mexico Oil Conservation Division
2040 S. Pacheco
P. O. Box 6429
Santa Fe, New Mexico 87505-5472

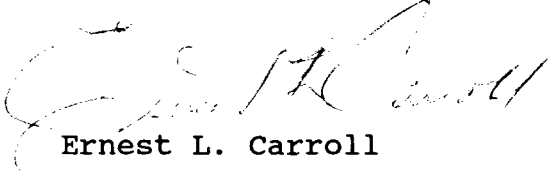
Re: Application of Yates Petroleum Corporation
for Compulsory Pooling, Eddy County, New
Mexico, Fairchild #2 Well/Case No. 11264

Dear Mr. Stogner:

Pursuant to the conference call of today's date between you, Mr. Kellahin, and me, I am confirming Yates Petroleum Corporation's decision to continue its application in Case No. 11264 to the June 1, 1994, hearing date. This continuation is intended to facilitate Nearburg Exploration's dismissal of its Case No. 11232 and execution of the appropriate joint operating agreement and AFE for the Yates well. Upon consummation of such an agreement, Yates will then dismiss its Case No. 11264.

Very truly yours,

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


Ernest L. Carroll

ELC:kth

xc: Mr. W. Thomas Kellahin
Ms. Mecca Mauritsen

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