

MARTIN YATES, III
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November 19, 1998

VIA FAX

Lori Wrotenbery, Director
Oil Conservation Division
2040 Pacheco Street
Santa Fe, New Mexico 87505

RE: Oil Conservation Division Case 12073
Application of Nearburg Exploration Co., LLC
For compulsory pooling and an unorthodox
surface location and subsurface drilling window
Eddy County, New Mexico

Dear Ms. Wrotenbery:

On November 5, 1998, Yates Petroleum Corporation appeared at the hearing in the above referenced case. Yates did not oppose Nearburg's application because, as Nearburg testified at the hearing, we were in active negotiations at that time and were close to entering an agreement to farmout Yates' interests in the subject spacing unit to Nearburg. Since the hearing, our negotiations have come to a stand still. Nearburg, without explanation or justification, appears to be unwilling to accept farmout terms which are identical to the terms acceptable to it for the farmout of Yates' interest in the offsetting tract to the South. Yates is concerned that negotiations are being delayed by Nearburg until a pooling order is entered by the Division which can then be utilized as leverage by Nearburg in its future negotiations with Yates.

Yates Petroleum Corporation therefore requests that the order in this case be delayed for 30 days and the parties be directed by the Division to resume negotiations for the voluntary development of the acreage which is the subject of this case.

Very truly yours,

YATES PETROLEUM CORPORATION

Randy G. Patterson
Secretary

cc: William F. Carr, Esq.
W. Thomas Keilahin, Esq.
Nearburg Exploration Company, L.L.C.