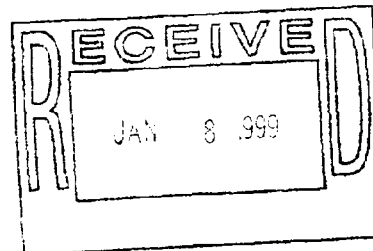


**JAMES L. SCHULTZ
INDEPENDENT PETROLEUM LANDMAN
809 TWIN DIAMOND
ROSWELL, NEW MEXICO 88201**

(505) 622-3615 OFFICE
(505) 622-3615 FAX
(505) 626-6879 MOBILE



CERTIFIED

January 6, 1999

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210

Attention: Robert Bullock

RE: Penjack Federal #11
NE/4 Sec. 12-T10S-R25E
Chaves County, New Mexico

Mr. Bullock:

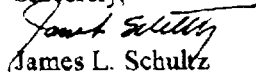
Gothic Production Corporation, of Tulsa Oklahoma, desires to drill a location in the NE4 of Section 12, Township 10 South, Range 25 East, NMPM. (See Attachment "A") Due to topographical, geological and drainage concerns, Goth is requesting an unorthodox status.

The BLM had requested that the well be relocated from it's original location of 1980'FEL and 330' FNL due to a surface drainage situation. (See Attachment "B") This alternative location was chosen because of geological data from the surrounding wells. All minerals surrounding this proration unit are leased to Gothic Production Corp., with the exception of the W2 of Sec. 12 which is leased to Yates Petroleum Corp. (NM-12687).

Therefore, Gothic Production Corp. requests that Yates Petroleum consent to the unorthodox location at 2310'FEL & 330'FNL, Section 12, Township 10 South, Range 25 East, NMPM.

Your consideration of the request is appreciated.

Sincerely,


James L. Schultz

Agent for Gothic Production Corp.

CONSERVATION DIVISION

EXHIBIT

12126

Page 2 of 2

Yates Petroleum Corp.

January 6, 1999

AGREED AND CONSENTED TO THIS 25th DAY OF JANUARY, 1999.

YATES PETROLEUM CORPORATION

BY: _____

A handwritten signature in cursive script, appearing to read "Rayon Yates", is written over a horizontal line.