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May 28, 1999

Via Fax and U.S. Mail

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

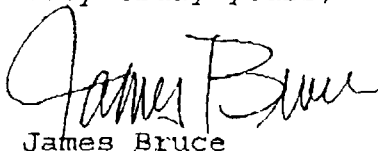
Re: Case No. 12197; Application of Yates Petroleum  
Corporation for an unorthodox gas well location, Eddy  
County, New Mexico (N $\frac{1}{4}$  S8-17S-27E)

Set for the June 10, 1999 Examiner hearing

Dear Ms. Wrotenbery:

Chi Energy, Inc. hereby withdraws its objection to the unorthodox  
location which is the subject of the above case.

Very truly yours,

  
James Bruce

Attorney for Chi Energy, Inc.

cc: Chi Energy, Inc. (via fax)  
Yates Petroleum Corporation (via fax)  
William F. Carr (via fax)