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FAX COVER SHEET

DELIVER TO: Michael E. Stogner
COMPANY: Oil Conservation Division
CITY: Santa Fe, New Mexico
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MEMO:

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February 17, 2000

Via Fax and U.S. MailMichael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505Re: Case No. 12324; Application of Harvey E. Yates Company
for compulsory pooling, Lea County, New Mexico

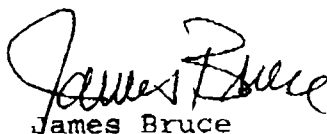
Dear Mr. Stogner:

As you requested, enclosed (by mail) is the most recent Ernst & Young overhead survey. (It did not copy well, so I am not faxing it.) A legible copy can be found as Exhibit 5 in Case No. 12319 (one of Mr. Catanach's cases currently under consideration).

The survey, for oil wells in southeast New Mexico, gives average overhead rates for oil wells of 10,001-15,000 feet depth of \$5000 for a drilling well and \$607 for a producing well.

HEYCO proposed rates of \$6600/\$660. These rates are for an existing JOA covering the working interest owners in the subject property, which actually have been reduced from the authorized \$7138/\$7310.

Very truly yours,



James Bruce

Attorney for Harvey
E. Yates Company