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September 28, 2001

Ms. Lori Wrotenbery
Oil Conservation Division
1220 S. St. Francis
Santa Fe, NM 87505

Re: Application of Yates Petroleum Corporation
for Compulsory Pooling, Chaves County, New Mexico
Case No. 12683; Order No. R-11645

Dear Ms. Wrotenbery:

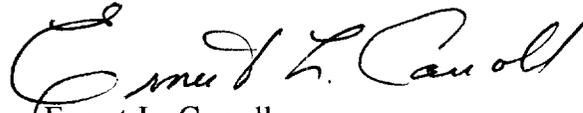
On September 5, 2001, you entered an order granting compulsory pooling with respect to the above referenced application. This order was highly unusual in that it actually covered three wells, two having previously been drilled and one proposed well. As you are well aware, six days after the entry of that order the tragedy occurred in New York City. Since that date there has been a precipitous fall in prices of both gas and oil and Yates along with its partners has been forced to scale back their drilling activities in response to the national crisis. Therefore, with respect to the proposed well, which is known as the Coronet "TI" Well No. 3, Yates requests a 120-day extension for proposing that well and complying with the remaining terms of the order with respect to time limits for drilling, etc.

I have spoken with the examiner, David K Brooks and he advised that this request should be made as I am doing it, directly to you. I do not believe that there should be any problem or prejudice to any persons as the interest which was force pooled is a very small interest and also an interest which is involved in litigation. All other terms of the order are satisfactory with Yates and I can tell you that Yates is very appreciative of the effort that the Division went through in working with Yates in the drafting of this order. As you are well aware it covered many issues which have been a problem with respect to operators when they were dealing with pooled interests and Yates does believe that this was a very significant and large step towards curing those problems. Again, Yates wants to express its appreciation for the time and effort that had to have been devoted by the Division and yourself in the drafting of this very complicated order.

If there is further information necessary with respect to this request for an extension, please advise and I will promptly provide same.

Very truly yours,

LOSEE, CARSON, HAAS AND CARROLL, PA



Ernest L. Carroll

ELC\hp

cc: Chuck Moran