

December 27, 2001

Mr. Chuck Moran
Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

Re: Pay AYY Federal Com #1
Township 8 South, Range 26 East, NMPM
Section 11: W/2
660' FNL & 330' FWL
Chaves County, New Mexico

Dear Mr. Moran:

I have received Yates Petroleum Corporation's application for an unorthodox location for the above captioned and hereby waive objection to the proposed location.

Very truly yours,

PECOS RIVER OPERATING, INC.

By: Chuck Moran
Its: VP - Eng & Prod.
Date: 1-8-02

