

Reasons to Deny Nearburg Application

1. Proposed location on Yates lease.
2. Section naturally divides into:
 - N/2 Yates 320 acres
 - S/2 Nearburg 320 acres
3. Yates Experience - Dagger Draw Upper Penn
Indian Basin Upper Penn Associated
4. Gas, water and electricity systems.
 - Yates capable of developing its own acreage.
5. Different from Morrow 320's.

YATES PETROLEUM CORP.
BEFORE EXAMINER CATANACH
NMOC D CASE NO. 10823
DATE: 09/09/93
EXHIBIT NO. 7