

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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TREASURER

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TELEPHONE (505) 748-1471

September 23, 2003

30-015-32518

To: Bryan Arant NMOCD

From: Cy Cowan

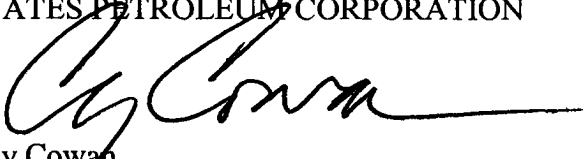
Re: Samuel Smith BAS State #1  
1420' FSL and 1190' FEL  
Section 32, T23S-R 24E  
Eddy County, New Mexico



Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found while drilling to the Morrow Formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Thank you,

YATES PETROLEUM CORPORATION

  
Cy Cowan  
Regulatory Agent