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6/22/2006

Oil Conservation Division
Att: Mike Bratcher
1301 W. Grand Ave.
Artesia, N.M. 88210

RECEIVED
JUN 22 2006
JUN 22 2006

Re: 30-015-28002 Ut.I 2-25s-28e Hoss BHK State #1
Letter dated June 9, 2006

Dear Mr. Mike Bratcher,

The Hoss BHK State #1 was originally drilled by Ronodero Company Inc. The well was plugged & abandoned on June 17, 1998 by Ronodero Company Inc. August 26, 2005 Yates Petroleum Corporation submitted a form C-101 with intent to re-enter the Hoss BHK State #1 & test the Delaware formation.

The work over pit found on your field inspection made on June 7, 2006 was registered on this C-101 form filed on August 26, 2005. I have attached a copy of the C-101 form filed on August 26, 2005 with this letter packet.

An inspection was made at the Hoss BHK State #1 on 6/21/2006 by Yates Petroleum Corporation Environmental Regulatory Agent Mike Stubblefield. This site inspection found the Chlorides that were referred to on your letter dated June 9, 2006, were a result of Chlorides leaching from the former drilling pit area on which the Hoss BHK State #1 was constructed upon. A C-141 form will not be filed as there is no release from the work over pit used for the re-entry of the Hoss BHK State #1.

A C-144 form has been filed with O.C.D. for the closure of the work over pit located at the Hoss BHK State #1.

If I can be of further assistance in this matter please do not hesitate to contact me at 505-748-4500 or E-mail me at mikes@ypcnm.com.

Sincerely,

Mike Stubblefield
Environmental Regulatory Agent