

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
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S. P. YATES
CHAIRMAN OF THE BOARD
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TREASURER

August 28, 2002



Tim Gum
State of New Mexico
OIL CONSERVATION DIVISION
811 S. First Street
Artesia, NM 88210

Dear Mr. Gum,

As Per our request on August 26, 2002 for administrative approval to downhole commingle the production from the Pecos Slope Abo and the Cottonwood Ranch (Penn) in our Johnson IL #4, located in Unit K, Section 30, Township 6 South, Range 26 East of Chaves County, the Binnion TT Federal, #7 Pecos Slope Abo and Coyote Draw (Permo Penn) Unit A of Section 24, Township 7 South, Range 25 East, Chaves County, and the Conejo "RH" State #5, Pecos Slope Abo and Five Mile Draw (Penn) located in Unit F, Section 2, Township 7 South, Range 25 East of Chaves County. Enclosed was a sheet stating "There are no working, royalty and overriding royalty interests in this well other than Yates Petroleum Corporation." Please find enclosed a correction stating that working, royalty and overriding royalty interest are the same in the zones to be commingled. This pertains to all the above stated wells. My most sincere apology for this over sight.

Should you have any questions, feel free to contact me at (505) 748-4164. Thank you.

Sincerely,

Cherry Matchus
Engineering Technician

cm
Enclosures