

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S.P. YATES
CHAIRMAN EMERITUS

JOHN A. YATES
CHAIRMAN OF THE BOARD

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FRANK YATES, JR.
EXECUTIVE VICE PRESIDENT

JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

October 29, 2007

Southwestern Inc.
1304 W. Broadway Place
Hobbs, NM 88240
Attn: Mr. Dwayne Burris

Fax & Mail
(575-397-1061)

RE: ³⁰⁻⁰²⁵⁻⁰³⁰³⁵ State VC #1
Township 17 South, Range 35 East
Section 36: Unit L
Lea County, New Mexico

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2007 NOV 1 PM 12:02

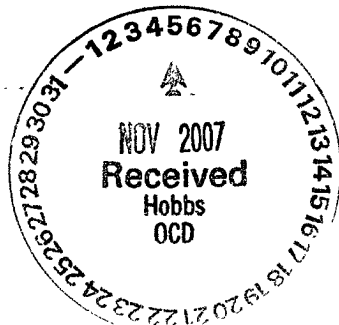
Dear Mr. Burris:

The captioned wellbore has been evaluated by the Yates completion engineer and Yates must respectfully decline your offer to take the wellbore.

Yates Petroleum Corporation hereby requests that you proceed with the plugging of the wellbore as soon as possible.

Call me at 575 748-4351 if you need any clarification regarding our position on this matter.

Thank you.



Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn

cc: ✓ New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

Commissioner of Public Lands
PO Box 1148
Santa Fe, NM 87504-1148