

MARTIN YATES, III  
1912 - 1985  
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1936 - 1986



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TREASURER

January 18, 1999

New Mexico Oil Conservation Division  
P. O. Box 1980  
Hobbs, New Mexico 88241

Attention: Mr. Chris Williams, Manager

Re: Runnels ASP #3  
Horizontal Well

Gentlemen:

Enclosed is our amended form C-101 Application for Permit to Drill amending the original C-101 to a bottom hole location of 700' FNL and 1000' FEL. In accordance with the rules for the South Big Dog-Strawn Pool the lateral to be drilled in this horizontal well shall be located no closer than 330' to any quarter/quarter section or subdivision inner boundary and transverses two laid-down 80-acre proration units as shown on the plat attached to the C-101 form.

Also enclosed is a copy of the Project Area to be designated for this directional well. In accordance with Rule 111, the 160-acre Project Area is shown to be the NE/4 of Section 11, Township 16 South, Range 35 East and the Producing Area is indicated on the plat by the red boundary.

We respectfully request that the amended C-101 be approved and further request your approval of the Project Area designated for this well. Should you require anything further, please do not hesitate to contact me.

Very truly yours,

YATES PETROLEUM CORPORATION

Clifton R. May  
Regulatory Agent

Enclosures