

MARTIN YATES, III
1912 - 1988
FRANK W. YATES
1926 - 1988



105 SOUTH FOURTH STREET
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S. P. YATES
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TREASURER

February 25, 1999

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

VIA FACSIMILE
CERTIFIED MAIL
Return Receipt Requested

RE: Cambridge ASC #1
Township 16 South, Range 35 East
Section 12: 510' FSL & 1980' FWL
Lea County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox surface location for the captioned well.

This well was originally drilled by TXO Production Corporation as the Cambridge Royalty Company #1 at the above location and was subsequently plugged and abandoned on January 11, 1985. Yates Petroleum Corporation proposes to re-enter this wellbore by drilling out the plugs to a depth of 10,200'. A kick-off plug will be set at 10,200' and the well will then be directionally drilled to a measured depth of 12,659'.

Yates will test the Morrow, Atoka and Strawn formations. The top of Strawn is expected to be at 11,360' and we anticipate entering this zone at an orthodox location of 660' FSL and 1980' FWL. The top of the Morrow is expected to be at 12,055' and we anticipate entering this zone at a location of 860' FSL and 1980' FWL.

Please find enclosed a complete copy of our C-101. If we need to submit additional information with this request please call me at (505) 748-4351.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)