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S. P. YATES
PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. - TREAS.

June 10, 1987

Mr. William LeMay
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

RE: Moonrise State Unit #1
330' FSL and 330' FWL of
Section 27-T18S-R36E
Lea County, New Mexico

Dear Sir:

The captioned well was permitted to be drilled as a 11025' Wolfcamp oil well. This well is not capable of producing as a Wolfcamp oil well. Therefore, we are completing this well up the hole as a Queen gas well with spacing of 160 acres. This change will cause said well to have a non-standard location within the spacing unit.

Enclosed please find a copy of the lease map showing offsetting lease operators, a topographical map of the area and a survey plat. Offset lease operators have been notified by certified mail, via a xerox copy of this letter.

Thank you for your cooperation.

Very truly yours,

YATES PETROLEUM CORPORATION

Clifton R. May
Clifton R. May *by: Rusty Jonegan*
Regulatory Agent

CRM:rj

Enclosures