

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1926 - 1986



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

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
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EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

April 12, 2005

Working Interest Owner/ORRi Owner
Address List Attached

Via Federal Express/ Certified Mail

Re: Proposed Chicken Little State Exploratory Unit
Township 10 South, Range 31 East, N.M.P.M.
Section 24: All
Section 25: All
Section 35: S/2NW/4, SW/4, E/2
Section 36: All
Chaves County, New Mexico
Township 11 South, Range 32 East, N.M.P.M.
Section 4: Lots 3, 4, S/2SW/4
Section 5: Lots 1-4, S/2S/2 (All)
Section 6: Lots 1-5, SE/4SW/4, S/2SE/4
Lea County, New Mexico
Containing 3323.16 acres, more or less

Ladies and Gentlemen:

Yates Petroleum Corporation is proposing the Chicken Little State Exploratory Unit. I enclose a copy of the Unit Agreement and Unit Operating Agreement we intend to use for the Unit. Yates Petroleum Corporation invites you to participate in the Unit by committing your acreage to said Unit Agreement and requests that you execute signature pages for the Unit Agreement and Unit Operating Agreement. Additionally, if you are an overriding royalty interest owner we enclose three (3) copies of the Ratification and Joinder of said Unit along with a complete copy of the Unit Agreement and Unit Operating Agreement. We request that you return all signature pages for our further handling, prior to April 19, 2005. The hearing for the unit with the OCD will be held on April 21, 2005. We look forward to hearing from you. If you have any questions, please give me a call at (505) 748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION


Chuck Moran
Landman

CEM/tv
Enclosure(s)

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13476 Exhibit No. 2
Submitted by:
Yates Petroleum Corporation
Hearing Date: April 21, 2005