

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

PEYTON YATES
PRESIDENT

FRANK YATES, JR.
EXECUTIVE VICE PRESIDENT

JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

October 23, 2007

Occidental Permian, Ltd.
c/o OXY USA WTP Limited Partnership
#6 Desta Drive, Suite 6000
Midland, TX 79710

CERTIFIED MAIL
Return Receipt Requested

**RE: *Operating Agreement & AFE
Patsy State Unit #6
S/2 Sec 2, T12S-R31E
Chaves County, New Mexico***

Gentlemen:

Please find enclosed our Joint Operating Agreement with extra signature page and AFE proposing the drilling of the captioned well.

Option 1:

If you wish to participate please sign the AFE, extra signature page to the JOA and return to the attention of the undersigned.

Option 2:

Should you not wish to participate we will pay you \$8,000.00 for a one (1) year term assignment of your interest accepting an 80% nri leasehold.

Option 3:

Should option 1 or 2 above not be acceptable Yates would accept a farmout of your interest whereby you deliver an 80% nri leasehold before payout of the well with the option at payout to convert your orri to a 25% working interest subject to proportionate reduction.

Should you have any questions please call me at 575-748-4351.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)

RANDY G. PATTERSON
VICE PRESIDENT

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14061.....Exhibit No. 3
Submitted by:
YATES PETROLEUM INCORPORATED
Hearing Date: January 10, 2008

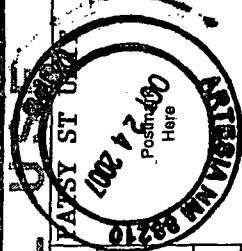
DENNIS G. KINSEY
TREASURER

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	6.94



Sent To **Occidental Permian, Ltd.**
c/o Oxy USA WTP Limited Partnership
 Street, Apt. No. **#6 Desta Drive, Suite 6000**
 or PO Box No. **Midland TX 79710**
 City, State, ZIP+4

PS Form 3800, June 2002 See Reverse for Instructions

9669 9696 0000 0116 5002

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Occidental Permian, Ltd.
c/o Oxy USA WTP Limited Partnership
#6 Desta Drive, Suite 6000
Midland TX 79710

COMPLETE THIS SECTION ON DELIVERY

A. Signature <i>[Signature]</i>	☐ Agent
B. Received by (Printed Name) <i>[Signature]</i>	☐ Addressee
C. Date of Delivery <i>Feb 11/2004</i>	
D. Is delivery address different from item 1? ☐ Yes ☐ No If YES, enter delivery address below:	

3. Service Type	
☒ Certified Mail	☐ Express Mail
☐ Registered	☒ Return Receipt for Merchandise
☐ Insured Mail	☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No	

Patsy Stae Unit JOA & AFE

7005 3110 0000 4638 6396

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M

Certified Mail Provides:

ROB BUTLOCK

(eServed) 2002 aunj 0086 uwq SD

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may ONLY be combined with First-Class Mail® or Priority Mail®.
 - Certified Mail is not available for any class of international mail.
 - **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider insured or Registered Mail.
 - For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpieces "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS postmark on your Certified Mail receipt is required.
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- IMPORTANT: Save this receipt and present it when making an inquiry.**
Internet access to delivery information is not available on mail addressed to APOs and FPOs.

UNITED STATES POSTAL SERVICE

TX 797 11

02 NOV 2007 PM

ROB BUTLOCK

First-Class Mail®
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

YATES PETROLEUM CORP.
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

122

MARTIN YATES, III
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October 23, 2007

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Robert Bullock
Landman

RB:bn
enclosure(s)

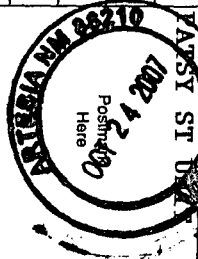
U.S. Postal Service[™]
CERTIFIED MAIL[™] RECEIPT
(Domestic Mail Only: No Insurance Coverage Provided)

For delivery information, visit our website at www.usps.com

OFFICIAL POSTAGE

Postage \$
Certified Fee
Return Receipt Fee
(Endorsement Required)
Restricted Delivery Fee
(Endorsement Required)
Total Postage & Fees

\$ 6.94



Sent To **Occidental Permian, Ltd.**
c/o Oxy USA WTP Limited Partnership
Street Apt. No. **#6 Desta Drive, Suite 6000**
City, State, Zip **Midland TX 79710**

PS Form 3811, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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Midland TX 79710

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature]

☐ Agent
☐ Addressee

B. Received by (Printed Name)

[Signature] C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

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☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

Patsy Stae Unit JOA & AFE

7005 3110 0000 4638 6398

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1000

Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
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Important Reminders:

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UNITED STATES POSTAL SERVICE

TX 79711
02 NOV 2007 PM

ROB BULLOCK

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

**YATES PETROLEUM CORP.
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210**

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



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October 23, 2007

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Midland, TX 79710

CERTIFIED MAIL
Return Receipt Requested

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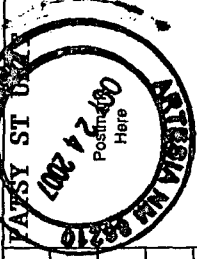
Robert Bullock
Landman

RB:bn
enclosure(s)

**U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE



Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	6.94

Sent To **Occidental Permian, Ltd.**
c/o Oxy USA WTP Limited Partnership
 Street, Apt. No. **#6 Desta Drive, Suite 6000**
 or PO Box No.
 City, State, ZIP+4 **Midland TX 79710**

PS Form 3800, June 2002 See Reverse for Instructions

86E9 8E9h 0000 0ITE 5002

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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Occidental Permian, Ltd.
c/o Oxy USA WTP Limited Partnership
#6 Desta Drive, Suite 6000
Midland TX 79710

COMPLETE THIS SECTION ON DELIVERY

A. Signature <i>[Signature]</i>	☐ Agent
B. Received by (Printed Name) <i>[Signature]</i>	☐ Addressee
C. Date of Delivery <i>Feb 9 11 2004</i>	
D. Is delivery address different from item 1? ☐ Yes ☐ No If YES, enter delivery address below:	

3. Service Type	
☒ Certified Mail	☐ Express Mail
☐ Registered	☒ Return Receipt for Merchandise
☐ Insured Mail	☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No	

Patsy Stae Unit JOA & AFE

7005 3110 0000 4638 6398

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M

Certified Mail Provides:

ROB BULLOCK

(psnlevd) 2002 sunr 0086 wuq SD

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

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UNITED STATES POSTAL SERVICE

TX 797 11

02 NOV 2007 PM

ROB BULLOCK

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Postage & Fees Paid
USPS
Permit No. G-10

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TELEPHONE (505) 748-1471

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October 23, 2007

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Midland, TX 79710

CERTIFIED MAIL
Return Receipt Requested

**RE: *Operating Agreement & AFE
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S/2 Sec 2, T12S-R31E
Chaves County, New Mexico***

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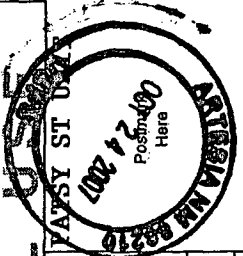
RB:bn
enclosure(s)

**U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.94



Sent To **Occidental Permian, Ltd.**
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 Street, Apt. No. **#6 Desta Drive, Suite 6000**
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 City, State, Zip

PS Form 3800, June 2002 See Reverse for Instructions

8669 8E9h 0000 01TE 5002

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Occidental Permian, Ltd.
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#6 Desta Drive, Suite 6000
Midland TX 79710

COMPLETE THIS SECTION ON DELIVERY

A. Signature *[Signature]* ☐ Agent ☐ Addressee

B. Received by (Printed Name) *[Signature]* C. Date of Delivery *[Signature]*

D. Is delivery address different from item 1? ☒ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Patsy Stae Unit J0A & AFE

7005 3110 0000 4638 6398

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M

ROB BUTLOCK

PS Form 3800, June 2002 (Reverse)

- A mailing receipt
 - A unique identifier for your mailpiece
 - A record of delivery kept by the Postal Service for two years
- (Reverse) 2002

Important Reminders:

- Certified Mail may ONLY be combined with First-Class Mail® or Priority Mail®.
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UNITED S

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100

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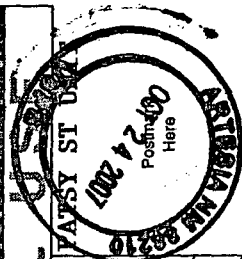
RB:bn
enclosure(s)

**U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	10.96



Sent To **Occidental Permian, Ltd.**
c/o Oxy USA WTP Limited Partnership
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 City, State, Zip **Midland TX 79710**

PS Form 3800, June 2002 See Reverse for Instructions

9669 9E9h 0000 DITE 5002

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Patsy Stae Unit JOA & AFE

7005 3110 0000 4638 6398

PS Form 3811, February 2004

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102595-02-M

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UNITED STATES POSTAL SERVICE

POSTAGE & OFFICES

TX 797 1 1

02 NOV 2007 PM

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EXECUTIVE VICE PRESIDENT

JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

October 23, 2007

Occidental Permian, Ltd.
c/o OXY USA WTP Limited Partnership
#6 Desta Drive, Suite 6000
Midland, TX 79710

CERTIFIED MAIL
Return Receipt Requested

**RE: Operating Agreement & AFE
 Patsy State Unit #6
 S/2 Sec 2, T12S-R31E
 Chaves County, New Mexico**

Gentlemen:

Please find enclosed our Joint Operating Agreement with extra signature page and AFE proposing the drilling of the captioned well.

Option 1:

If you wish to participate please sign the AFE, extra signature page to the JOA and return to the attention of the undersigned.

Option 2:

Should you not wish to participate we will pay you \$8,000.00 for a one (1) year term assignment of your interest accepting an 80% nri leasehold.

Option 3:

Should option 1 or 2 above not be acceptable Yates would accept a farmout of your interest whereby you deliver an 80% nri leasehold before payout of the well with the option at payout to convert your orri to a 25% working interest subject to proportionate reduction.

Should you have any questions please call me at 575-748-4351.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)

U.S. Postal ServiceTM

CERTIFIED MAILTM RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

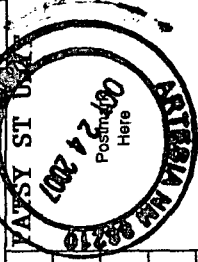
Postage \$

Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$



Sent To **Occidental Permian, Ltd.**

c/o Oxy USA WTP Limited Partnership

Street, Apt. No. **#6 Desta Drive, Suite 6000**

City, State, ZIP+4[®] **Midland TX 79710**

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Occidental Permian, Ltd.

c/o Oxy USA WTP Limited Partnership

#6 Desta Drive, Suite 6000

Midland TX 79710

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature]

☐ Agent
☐ Addressee

B. Received by (Printed Name) **C. Date of Delivery**

R. Moore **9/1/20**

D. Is delivery address different from item 1? ☒ Yes ☐ No

If YES, enter delivery address below:

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Patsy Stae Unit JOA & AFE

7005 3110 0000 4638 6398

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M

Certified Mail Provides:

ROB BULLOCK

(psn/evaf) 2002 sunf '0086 wuq S4

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may ONLY be combined with First-Class Mail or Priority Mail.
 - Certified Mail is not available for any class of international mail.
 - NO INSURANCE COVERAGE IS PROVIDED with Certified Mail. For valuables, please consider Insured or Registered Mail.
 - For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpieces "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS postmark on your Certified Mail receipt is required.
 - For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
 - If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.
- IMPORTANT: Save this receipt and present it when making an inquiry.**
Internet access to delivery information is not available on mail addressed to APOs and FPOs.

UNITED STATES POSTAL SERVICE

TX 797 11

02 NOV 2007 PM

ROB BULLOCK

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YATES PETROLEUM CORP.
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

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