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**Avalon Proposed Voting: draft for discussion purposes only**

- 1. Expenditures requiring ballot approval change from \$50,000 to \$100,000.**
- 2. Waterflood AFE (approximately \$13M): Unit cannot not be effective until AFE approved.**
- 3. AFE's under \$5M done during normal operations: Approval to be largest owner WI (includes non-consent WI carried at time of Unitization) plus 10% of difference between 100% and largest owner WI**
- 4. CO<sub>2</sub> Project AFE and CO<sub>2</sub> (Overhead) Studies prior to Project:**
  - Choice 1: Largest 2 owners must approve. Yates Petroleum 7 affiliates defined as a single owner for this purpose. Should these interests be sold a new 2nd largest owner could occur.**
  - Choice 2: 85% approve or Largest owner plus 10% and at least 80%, similar to your previous letter except using 10% instead of 15%.**