

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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

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

December 30, 1997

Marathon Oil Company  
PO Box 552  
Midland, Texas 79702-0552

Attention: Tim Robertson

RE: Burns "34" State #1  
NW/4, Sec. 34, T18S, R28E  
Eddy County, New Mexico

Gentlemen:

Please find enclosed signature pages to the Operating Agreement and the AFE covering the captioned. The signature pages and the AFE have been executed on behalf Yates Petroleum Corporation.

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

*Barbara Nelson*  
Barbara Nelson  
Land Secretary

bn  
enclosure(s)

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 11908 Exhibit No. 5  
Submitted By:  
Marathon Oil Company  
Hearing Date: February 5, 1998

RECEIVED

JAN 6 1998

MARATHON OIL COMPANY  
NCR LAND DEPARTMENT

MARATHON OIL COMPANY  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

AFE NO. 660497  
DATE October 31, 1997

Region Mid-Continent Region  
Field/Prospect Travis  
Lease/Facility Burns "34" State No. 1

SOURCE	QUANTITY	DESCRIPTION	ACCT. CAT.- FEATURE NO.	C O N D	ESTIMATED COST
SURFACE EQUIPMENT - TANGIBLE					
		Line Pipe	83-27	I	1,600
		Transportation, Other	83-126		2,500
		Pumping Unit	83-141		
		Pumping Equipment - Rod Pump	83-143		
		Flowing/Plunger Lift Equipment	83-146		
		Submersible Pump - Electric	83-149		
		Submersible Pump - Hydraulic	83-152		
		Gas Lift Equipment	83-155		
		Pumps	83-158		
		Tanks	83-170		10,000
		Metering Equipment	83-190		4,000
		Instrumentation	83-194		
		Electrical Equipment, Other	83-201		
		Valves	83-205	I	2,500
		Miscellaneous Materials	83-217	I	10,000
		Contract Labor, Electrical	83-229		
		Contract Labor, Welding	83-233		1,000
		Contract Labor, Other	83-237		4,000
		Contract Services, Other	83-240		2,000
		Compressor Installation	83-365		
		Dehydration	83-376		10,000
		Crude Oil Treaters	83-378		
		Separator	83-380		12,000
		Vapor Recovery Units	83-386		
		Free Water Knockouts	83-388		
		Regulatory Compliance (Includes Permitting)	83-685		
		Company Labor & Burden	83-750		2,000
TOTAL SURFACE EQUIPMENT - TANGIBLE					\$ 61,600

ENVIRON. COSTS	SUMMARY OF ESTIMATED DRILLING WELL COSTS	(	)
Spill Cleanup 41 _____ %	Total Drilling Cost	\$ 491,400	\$ _____
Remediation 42 _____ %	Total Completion Cost	\$ 312,000	\$ _____
Air 43 _____ %	Total Surface Equipment	\$ 61,600	\$ _____
Water 44 _____ %	Grand Total Cost	\$ 865,000	\$ _____
Solid Waste 45 _____ %	Marathon's Share of Grand Total Cost to be Booked This Year		\$ _____
Other 47 _____ %	If Wildcat Well, Give Marathon's Share of Dry Hole Cost		\$ _____
Non-ENV _____ %			
Total 100%			

PARTICIPANT APPROVAL

Participant Name: Valis Petroleum Corporation 4.51389 %  
Signature: [Signature]  
Title: Attorney-in-Fact  
Date: 12-30-97

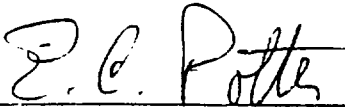
ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

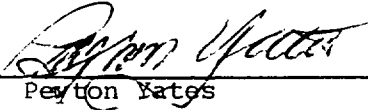
IN WITNESS WHEREOF, this agreement shall be effective as of 13th day of November, 1998.

OPERATOR  
MARATHON OIL COMPANY



E. C. Potter, Attorney-in-Fact

NON-OPERATORS  
YATES PETROLEUM CORPORATION ATLANTIC RICHFIELD COMPANY

 18  
By: Peyton Yates  
Its: Attorney-in-Fact

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ENRON OIL & GAS COMPANY

LOUIS DREYFUS NATURAL GAS CORP.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

READ & STEVENS, INC.

ROY G. BARTON, SR. AND OPAL BARTON  
REVOCABLE TRUST

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Roy G. Barton, Jr., Trustee

KCS MEDALLION RESOURCES, INC.

ALTURA ENERGY LTD.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

MEWBOURNE OIL COMPANY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

UNITED BANK PLAZA  
400 N. PENN. SUITE 1000

CHARLES B. READ  
PRESIDENT

PHONE 505 622-3770  
FAX: 505 622-8643

*Read & Stevens, Inc.*

*Oil Producers*

*P.O. Box 1518*

*Roswell, New Mexico 88202*

December 1, 1997

Marathon Oil Company  
P.O. Box 552  
Midland, TX 79702-0552

Attn: Tim Robertson

Re: Burns 34 State No. 1  
N/2 Sec. 34, T18S-R28E  
Eddy County, New Mexico  
R&S #9834W

Dear Tim:

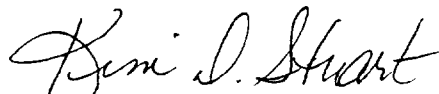
Enclosed please find executed copies of the following:

- 1) A.F.E.
- 2) **Signature Page to Operating Agreement**
- 3) **Signature Page to Notice of Operating Agreement**

Also enclosed is a copy of our Geological Requirements.

Respectfully,

READ & STEVENS, INC.



Kim D. Stuart  
Land Secretary

/ks

Enclosures

RECEIVED

DEC 13 1997

MARATHON OIL COMPANY  
LANDS DEPARTMENT

MARATHON OIL COMPANY  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

AFE NO. 660497  
DATE October 31, 1997

Region Mid-Continent Region  
Field/Prospect Travis  
Lease/Facility Burns "34" State No. 1

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		Instrumentation	83-194		
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		Valves	83-205	I	2,500
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TOTAL SURFACE EQUIPMENT - TANGIBLE					\$ 61,600

ENVIRON. COSTS  
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Spill Cleanup 41 \_\_\_\_\_X  
Remediation 42 \_\_\_\_\_X  
Air 43 \_\_\_\_\_X  
Water 44 \_\_\_\_\_X  
Solid Waste 45 \_\_\_\_\_X  
Other 47 \_\_\_\_\_X  
Non-ENV \_\_\_\_\_X

Total 100X

SUMMARY OF ESTIMATED DRILLING WELL COSTS			(	%)
Total Drilling Cost	\$ 491,400	\$		
Total Completion Cost	\$ 312,000	\$		
Total Surface Equipment	\$ 61,600	\$		
Grand Total Cost	\$ 865,000	\$		
Marathon's Share of Grand Total Cost to be Booked This Year		\$		
If Wildcat Well, Give Marathon's Share of Dry Hole Cost		\$		

PARTICIPANT APPROVAL

Participant Name: Read & Stevens, Inc.  
By: Charles B. Read, President  
Signature: *Charles B. Read*  
Title: PRESIDENT  
Date: DECEMBER 1, 1997

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IN WITNESS WHEREOF, this agreement shall be effective as of 13th day of November, 1998.

OPERATOR  
MARATHON OIL COMPANY

E. C. Potter  
E. C. Potter, Attorney-in-Fact

YATES PETROLEUM CORPORATION                      NON-OPERATORS                      ATLANTIC RICHFIELD COMPANY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ENRON OIL & GAS COMPANY

LOUIS DREYFUS NATURAL GAS CORP.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

READ & STEVENS, INC.

ROY G. BARTON, SR. AND OPAL BARTON  
REVOCABLE TRUST  
Roy G. Barton, Jr.  
Roy G. Barton, Jr., Trustee

By: \_\_\_\_\_  
Its: \_\_\_\_\_

KCS MEDALLION RESOURCES, INC.

ALTURA ENERGY LTD.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

MEWBOURNE OIL COMPANY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

MARATHON OIL COMPANY  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

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Other 47 %	If Wildcat Well, Give Marathon's Share of Dry Hole Cost	\$	
Non-ENV %			
Total 100%			

PARTICIPANT APPROVAL

Participant Name: Roy G. BARTON SR + OPAL BARTON REVOCABLE TRUST  
Signature: Roy G. Barton Jr.  
Title: TRUSTEE  
Date: 11/19/97

ARTICLE XVI.  
MISCELLANEOUS

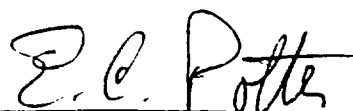
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OPERATOR

MARATHON OIL COMPANY



E. C. Potter, Attorney-in-Fact

NON-OPERATORS

YATES PETROLEUM CORPORATION

ATLANTIC RICHFIELD COMPANY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ENRON OIL & GAS COMPANY

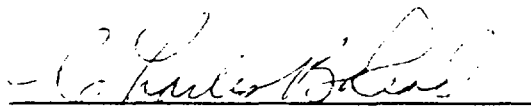
LOUIS DREYFUS NATURAL GAS CORP.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

READ & STEVENS, INC.

ROY G. BARTON, SR. AND OPAL BARTON  
REVOCABLE TRUST

  
By: \_\_\_\_\_  
Its: Charles E. Read, President

Roy G. Barton, Jr., Trustee

KCS MEDALLION RESOURCES, INC.

ALTURA ENERGY LTD.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

MEWBOURNE OIL COMPANY

By: \_\_\_\_\_  
Its: \_\_\_\_\_