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



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

December 30, 1997

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

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

1 3 2 . 7 .

Barbara Nelson Land Secretary

:bn enclosure(s) BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11908 Exhibit No. Sometimed By:
Marathon Oil Company
Hearing Date: February 5, 1998

RECEIVED

JAN 4.5 1998

MARAThun Six Consolly

"MARATHON OIL COMPANY			AFE NO. 660497		
AUTHORITY FOR EX			DATE	October 31, 199	27
DETAIL OF ESTIMA	ATED WELL COSTS				
Region Mid-	-Continent Region				
Field/Prospect					
Lease/Facility	Burns "34" Stat	e No. 1			
				C	
SOURCE	QUANTITY	DESCRIPTION	ACCT. CAT	O ESTIMA	ATED
			FEATURE	N COST	ſ
			NO.	D	
			****************	, = 4 = 9 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	
	SURF	ACE EQUIPMENT - TANGIBLE			
		tine Pipe	83-27	11	600
		Transportation, Other	83-126		. 500
<del></del>		Pumping Unit Pumping Equipment - Rod Pump	83-141 83-143		—
		Flowing/Plunger Lift Equipment	83-146	_	
		Submersible Pump - Electric	83-149		
	<del> </del>	Submersible Pump - Hydraulic	83-152		
		Gas Lift Equipment	83-155		
		Pumps	83-158		
	<del></del>	Tanks	83-170		.000
		Metering Equipment Instrumentation	83-190	<u>-</u>	.000
		Electrical Equipment, Other	83-201		
		Valves	83-205		.500
	<del></del>	Miscellaneous Materials	83-217	I 10.	.000
	<del></del>	Contract Labor, Electrical	83-229		
	<del></del>	Contract Labor, Welding	83-233		.000
	<del></del>	Contract Labor, Other	83-237		000
		Contract Services, Other Compressor Installation	83-240		.000
		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		
	<del></del>	Requiatory Compliance (Includes Permitting)  Company Labor & Burden	83-685		.000
	<del></del>	Company Cabor & Buruen	33-770	<u> </u>	<u>, VVV</u>
	TOTAL	SURFACE EQUIPMENT - TANGIBLE		S <u>61.</u>	600
		***********************************	***************		
ENVIRON. COSTS		SUMMARY OF ESTIMATED DRILLING WELL COSTS		(	X)
***********		SOMMAN OF ESITIMATED DATELING MEET COSTS		•	~,
		Total Drilling Cost	\$49	91,400 \$	
Spill Cleanup 4	1x				
Remediation 4	2x	Total Completion Cost	511	12.000 \$	
	3x				
	4X	Total Surface Equipment	\$6	1,600 \$	
	5x 7x	Grand Total Cost		55,000 <b>\$</b>	
Other 4 Non-ENV	`^	Grand rocal Cosc	<u> , , , , , , , , , , , , , , , , , , ,</u>	71000	
	<del></del> -	Marathon's Share of Grand Total Cost to be Boo	ked This Year	\$	
Total	100×				
		If Wildcat Well, Give Marathon's Share of Dry	Hole Cost	\$	
22224	***********			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
PARTICIPANT APPR	ROVAL				
anistani arri	<del></del>				
	<b>.</b> , ,	Vstroleum Cogonovion 1.51389 %	<u>.</u>		
Participant Name	1 /4755 1	15ths/Eun Conormaion 4.5/389 10			
	Som	Chata			
Signature:	14716	<del>1</del>			
Title:	Attorney-i	h-Fact	•		

"MARA" THON OIL COMPANY AUTHORITY FOR EXPENDITURE

Date: 12-30-97

## A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982

	ARTICLE XVI. SCELLANEOUS
This agreement shall be binding upon and shall inure legal representatives, successors and assigns.	to the benefit of the parties hereto and to their respective heirs, do
This instrument may be executed in any number of co	ounterparts, each of which shall be considered an original for all pu
IN WITNESS WHEREOF, this agreement shall be effe	ective as of <u>13th</u> day of <u>November</u> 19 <u>9</u>
О	OPERATOR
	MARATHON OIL COMPANY
	E. C. Potts
	E. C. Potter, Attorney-in-Fact
NON YATES PETROLEUM CORPORATION	OPERATORS ATLANTIC RICHFIELD COMPANY
Acron Mater	rk
By:/ Peyton Yates	By:
Its: Attorney-in-Fact	Its:
ENRON OIL & GAS COMPANY	LOUIS DREYFUS NATURAL GAS CORP.
By:	By:
Its:	Its:
READ & STEVENS, INC.	ROY G. BARTON, SR. AND OPAL BARTO REVOCABLE TRUST
By:	Roy G. Barton, Jr., Trustee
Its:	
KCS MEDALLION RESOURCES, INC.	ALTURA ENERGY LTD.
By:	By:
Its:	Its:
	MELINOLIDAE OTT COMPANY FOR
	MEWBOURNE OIL COMPANY
	<u> </u>
	By:

Its:
Signature Page to Operating Agreement covering the N/2 of Section 34, T-18-S,
R-28-E, N.M.P.M., Eddy County, New Mexico. The initial well under this Agreement

UNITED BANK PLAZA 400 N. PENN. SUITE 1000

CHARLES B. READ

Read & Stevens, Inc.

A C Bax 1518

Reswell . Sew . Mexico 88262

December 1, 1997

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

Attn: Tim Robertson

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:

- 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.

Kini D. Shart Land Secretary

/ks

Enclosures

RECEIVED

PHONE 505 622-3770 FAX: 505 622-8643

DEC .. 3 1997

HARATHON OIL COMPANY AFE NO. 660497 AUTHURITY FOR EXPENDITURE DATE <u>October 31, 1997</u> DETAIL OF ESTIMATED WELL COSTS Mid-Continent Region Region \_\_ Field/Prospect <u>Travis</u> Lease/Facility Burns "34" State No. 1 C QUANTITY DESCRIPTION ACCT, CAT, -O ESTIMATED FEATURE NO. D SURFACE EQUIPMENT - TANGIBLE Line Pipe 83-27 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 <u>Submersible Pump - Hydraulic</u> 83-152 Gas Lift Equipment 83-155 Pumps 83-158 Tanks 83-170 10.000 Meterina Equipment 83-190 4,000 Instrumentation 83-194 Electrical Equipment, Other 83-201 Valves 83-205 2.500 Miscellaneous Materials 83-217 10,000 83-229 Contract Labor, Electrical Contract Labor, Welding 83-233 1.000 Contract Labor, Other 83-237 4.000 Contract Services, Other 83-240 2.000 83-365 Compressor Installation Dehydration 83-376 10,000 Crude Oil Treaters 83-378 83 380 12,000 Separator Vapor Recovery Units 83-386 Free Water Knockouts 83-388 Regulatory Compliance (Includes Permitting) 83-685 2.000 Company Labor & Burden 83-750 TOTAL SURFACE EQUIPMENT - TANGIBLE 61,600 SUMMARY OF ESTIMATED DRILLING WELL COSTS ENVIRON. COSTS Total Drilling Cost 491,400 \$ Spill Cleanup \$ 312,000 **\$** Remediation Air Water Total Surface Equipment 61,600 \$ Solid Waste Other 47 Grand Total Cost \$ 865,000 **\$** Non-ENV Marathon's Share of Grand Total Cost to be Booked This Year **S**\_\_ Total 100% If Wildcat Well, Give Marathon's Share of Dry Hole Cost PARTICIPANT APPROVAL Read & Stevens, Inc. By: Charles B. Read, President

Title: TRESIDETVI

KUTIBER"

This agreement shall be binding upon and shall inure to the beni	efit of the parties hereto and to their respe	cuve heirs, d
legal representatives, successors and assigns.		
This instrument may be executed in any number of counterparts.	, each of which shall be considered an orig	inal for all pu
IN DUTY IFEE BUYERFOR AT A STATE OF A STATE	13th day of November	10.0
IN WITNESS WHEREOF, this agreement shall be effective as of	Tariff day of Accember	19_ <del>_3</del>
OPERAT	OR MARATHON OIL COMPANY	
	PIARATHON OIL COMMANT	
		1
	9 6	TR
	E C Patton Attorney	
	E. C. Potter, Attorney-	n-Fact
YATES PETROLEUM CORPORATION NON-OPERA	ATORS ATLANTIC RICHFIELD COMPA	NV
TATES FEIROLEUM CORPORATION	ATLANTIC RICHFIELD COMPA	714.1
By:	By:	
Its:	Its:	
ENRON OIL & GAS COMPANY	LOUIS DREYFUS NATURAL GA	S CORP.
P	7	
By: Its:	By: Its:	
READ & STEVENS, INC.	ROY G. BARTON, SR. AND OF	AL BART
	REVOCABLE TRUST	120
		7/-
	Myll Marin	L,
Ву:	Roy C. Barton, Jr., Trus	tee
Its:		
Waa MR		
KCS MEDALLION RESOURCES, INC.	ALTURA ENERGY LTD.	
By:	By:	بخ ف
By: Its:	Its:	3 fee 2 24 <del></del>
		<u> </u>
		43-
	MEWBOURNE OIL COMPANY	
	TENDOOMIL OLD CONTAIN	- <del>-  </del> -   -   -   -   -   -   -   -   -
	4	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	By:	عن الأنف
	Its:	

MARATHON OIL COMPANY AUTHORITY FOR EXPENDITURE DETAIL OF ESTIMATED WELL COSTS

AFE NO. 660497

DATE October 31, 1997

Region <u>Mid</u>	-Continent Region			
Field/Prospect .				
lease/facility .	Burns "34" Sta	te No. 1		
************				
SOURCE	OHAMETTY	OCCCOUNTION.	N.CT. CAT	C
ZOOKEE	QUANTITY	DESCRIPTION	ACCT. CAT	
			FEATURE	N COST
			NO.	D
	******		;======================================	
	SUR	FACE EQUIPMENT - TANGIBLE		
		Line Pipe		I 1,600
		Transportation, Other	83-126	2,500
	<del> </del>	Fumping Unit	83-141	
	<del></del>	Pumping Equipment - Rod Pump	83-143	<del></del>
		Flowing/Plunger Lift Equipment	83-146	<del></del>
		Submersible Pump - Electric	83-149	
		Submersible Pump - Hydraulic	83-152	<del></del>
		Gas Lift Equipment	83-155	
		Pumps	83-158	
		Tanks	83-170	10,000
<del></del>		Metering Equipment	83-190	4,000
		[Instrumentation	83-194	<del></del>
		Electrical Equipment, Other	83-201	,
		Valves	83-205	I 2,500
		Miscellaneous Materials	83-217	I 10,000
	<del></del>	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	10.000
		Dehydration	83-376	10,000
		Crude Oil Treaters	83-378	13.000
		Separator	83 380	12,000
		Vapor Recovery Units	83-386 83-388	
		Free Water Knockouts	83-685	
		Regulatory Compliance (Includes Permitting)  Company Labor & Burden	83-750	2,000
	TOTAL	. SURFACE EQUIPMENT - (ANGIBLE		\$61,600
	***********		5 4 3 4 4 4 4 4 5 5 5 5 6 5 6 5 6 5 6 5 6 5 6	
ENVIRON. COSTS		SUMMARY OF ESTIMATED DRILLING WELL COSTS		( %)
		tatal prilling Cust	\$ 191,	100 1
Spill Cleanup	41%			
Remediation	4 2X	Total Completion Cost	\$ 312.0	100 \$
Air	43X			
Water ·	4.4X	Total Surface Equipment	\$ 61,6	100 \$
Solid Waste	45%			
Other	47X	Grand Total Cost	<u>\$ 865,0</u>	000 \$
Non-ENV	%	Marathon's Share of Grand Fotal Cost to be Bool	ked This Year	•
Total	<u>100</u> %	THE TOTAL POLICE COST OF THE POLICE COST OF THE POLICE COST	New York Tear	* <u></u>
		If Wildcat Well, Give Marathon's Share of Dry I	Hole Cost	s
			=======================================	
PARTICIPANT APP	ROVAL	•		
		2	11 - TD11+	7
Participant Nam	Roy 6.1	BANTON SR + OPAL BANTON REVOC	coope les	,
	2.412	7-0		
Signature:	ay/10a	Mr Ju		
Title:	PUSTER			
	1,0/07		·	
Date:	17/1/			

	CLE XVI. LLANEOUS
This agreement shall be binding upon and shall inure to the egal representatives, successors and assigns.	ne benefit of the parties hereto and to their respective heirs, devis
This instrument may be executed in any number of counte	rparts, each of which shall be considered an original for all purpo
IN WITNESS WHEREOF, this agreement shall be effective	as of 13th day of November 1998
OPE	RATOR MARATHON OIL COMPANY
	PARKATHON OTE CONTANT
	E.C. Potte
	E. C. Potter, Attorney-in-Fact
	PERATORS ATLANTIC RICHFIELD COMPANY
YATES PETROLEUM CORPORATION	ALLANTIC 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
134. 134. 134. 16 18 18 18 18 18 18 18 18 18 18 18 18 18	
By: Charles B. Read, President	Roy G. Barton, Jr., Trustee
KCS MEDALLION RESOURCES, INC.	ALTURA ENERGY LTD.
By: Its:	By: Its:
	To the second se
	MEMBOURNE OTT COMPANY
	MEWBOURNE OIL COMPANY
	By:

Its:
Signature Page to Operating Agreement covering the N/2 of Section 34, T-18-S,
R-28-E, N.M.P.M., Eddy County, New Mexico. The initial well under this Agreement