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 10, 1997

R.G. Barton, Sr. and O. Barton Rev. Trust Roy G. Barton, Jr. Trustee P.O. Box 978 Hobbs, New Mexico 88241-0978

CERTIFIED MAIL RETURN RECEIPT REQUESTED

RE: Field APK State Com. #3 <u>Township 16 South, Range 35 East, NMPM</u> Section 2: 3300' FSL and 760' FWL Lea County, New Mexico

Dear Mr. Barton:

Please find enclosed our AFE proposing the drilling of the captioned well to test the Morrow formation.

If you wish to participate, please execute and return the AFE along with your check to cover your share of the dry hole costs.

Should you not desire to participate, Yates would farm-in your interest on mutually agreed upon terms.

We will forward our Operating Agreement in the very near future.

Please call me at 505-748-4351 if you have any questions regarding this proposal.

Very truly yours,

YATES PETROLEUM CORPORATION

hert Bullack

Róbert Bullock Landman

RB/ljf enclosure(s)

Z 351 693 354

	US Postal Service	
	Receipt for Cer	tified Mail
	No Insurance Coverage	Provided
	Do not use for Internatio	nal Mail (See reverse)
F	Set Barton, Sr. a	Ind O Barton
_ r	Chéet & Number	
F	OY G. Barton, Jr Post Office, State & ZIP Con I.O. BOX 978	Trustee
F		
H	phhs, New Mexi	ce 88241-0978
		\$
	Certified Fee	
	Special Delivery Fee	
ы	Restricted Delivery Fee	
66	Return Receipt Showing to	
-	Whom & Date Delivered	
, Apr	Return Receipt Showing to Whom, Date, & Addressee's Address	
Form 3800, April 1995	TOTAL Postage & Fees	\$
n 3	Postmark or Date	
or	Field 1	y spel
PS F	Com # 3	RB/4
		<u>/1</u>

SENDER: Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we card to you. Attach this form to the front of the mailpiece, or on the back if spa- permit. Write "Return Receipt Requested" on the mailpiece below the arti- The Return Receipt will show to whom the article was delivered a delivered.	ice does not cle number.	I also wish to receive the following services (for an extra fee): 1.
3. Article Addressed to: R.G. Barton, Sr. and O. Barton Rev. Trust		1 693 354
Rev. Trust Roy G. Barton, Jr., Trustee P.O. Box 978 Hobbs, New Mexico 88241-0978		ed X Certified Mail Insured ceipt for Merchandise COD
5. Received By: (Print Name)		elivery 1 2 - 1 2 - 9 2 e's Address (Only if requested
6. Signature: (Addressee or Agent)	and fee is Field	paid)
PS Form 3811, December 1994	02595-97-B-0179	Domestic Return Receipt

		AFE NO.	97-343-0
	ES AUTHORITY FOR EXPENDITURE	AFE DATE	11/26/97
///////////PE			11/20/97
CD CD	RPORATION NEW DRILLING & RECOMPLETION		
	AFE Type: Well Objective: Well Type:	AFE STATUS:	
	OURTH STREET X New Drilling X Oil Development	X Original	
	NMEXICO 88210 Recompletion X Gas X Exploratory	Revised	···
TELEPHONE ((505) 748-1471	Final	
LEASE NAME	Field APK State Com. #3 PROJ'D DEPTH	12,600'	
COUNTY	Lea STATE	New Mexico	• •
LEGAL DESC.	3,300' FSL & 760' FWL LOCATION	Section 2-16S-35E	
FIELD	HORIZON	Morrow	N.1
DIVISION CODE	100 DIVISION NAME Oil & Gas Division	· · · · · · · · · · · · · · · · · · ·	
DISTRICT CODE	DISTRICT NAME		
BRANCH CODE	BRANCH NAME		
			······································
PROGNOSIS:		·	· .
		· · ·	·····
INTANGIBLE DRIL	•	DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	1,200	1,200
920-110	Location, Right-of-Way	15,000	15,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork 41 days @ \$7400/day + \$40k mobilization	365,000	365,000
920-140	Drilling Water, Fasine Rental	15,000	15,000
920-150	Drilling Mud & Additives	32,000	32,000
920-160	Mud Logging Unit, Sample Bags	11,600	11,600
920-170 920-180	Cementing - Surface Casing	24,000	24,000
920-180 920-190	Drill Stem Testing, OHT 2 DST's	10,000	10,000
920-200	Electric Logs & Tape Copies Tools & Equip. Rntl., Trkg. & Welding	25,400	25,400
920-210	Supervision & Overhead	24,500	24,500
920-220	Contingency	17,400	17,400
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	50,000	50,000
920-350	Cementing - Production Casing		36,500
920-410	Completion Unit - Swabbing		10,000
920-420	Water for Completion		8,000
920 -430 920-440	Mud & Additives for Completion Cementing - Completion		1,000
920-440	Elec. Logs, Testing, Etc Completion	······	35,000
920-460	Tools & Equip. Rental, Etc Completion		20,000
920-470	Stimulation for Completion one zone test only		100,000
920-480	Supervision & O/H - Completion		3,100
920-490	Additional LOC Charges - Completion	·········	1,200
920-51 0	Bits, Tools & Supplies - Completion		1,800
920-500	Contingency for Completion		
	TOTAL INTANGIBLE DRILLING COSTS	E O4 400	
	TOTAL INTANGIBLE DRILLING COSTS	591,100	807,700
TANGIBLE EQUIP		•	
930-010	Christmas Tree & Wellhead	2,000	26,000 -
930-020	Casing 11-3/4" @ 450'	7,600	7,600
	8-5/8" @ 4650'	56,500	56,500
	5-1/2" @ 12,600'		93,000
030 030	Tubing 27/8" @ 42400!		95 000
930-030 930-040	Tubing 27/8" @ 12400'	······	35,000
550-040	Packer & Special Equipment		8,000
940-010	Pumping Equipment including \$20,000 for electricity		116,000
940-020	Storage Facilities		22,700
940-030	Separation Equip., Flowlines, Misc.		25,000
940-040	Trucking & Construction Costs		15,700
	TOTAL TANGIBLE EQUIPMENT COSTS	66,100	405,500
TOTAL COSTS		·····	
TOTAL COSTS	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	657,200	1,213,200

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.

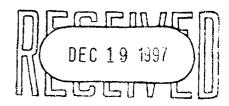
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We will forward our Operating Agreement in the very near future.

Please call me at 505-748-4351 if you have any questions regarding this proposal.

Very truly yours,

YATES PETROLEUM CORPORATION

Bullack

Robert Bullock Landman

RB/Ijf enclosure(s)

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Die-on Eners

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UM NEW DRI AFE Type: AFE Type: B6210 X I APK State Com. #3 I I D' FSL & 760' FWL D' ISTRICT NAME DISTRICT NAME BRANCH NAME STS: Parmit & Legal Fees Right-of-Way Footage	X Oil X X Gas X Injector PR STA LOC HOF Oil & Oil & STA \$7400/day + \$40k mo	N Type: Development Exploratory DJ'D DEPTH TE ATION RIZON Gas Division	1,200 15,000 365,000 15,000 32,000 11,600 24,000 10,009 25,400 24,500	15,000 365,000 15,000 32,000 11,600 24,000 10,000
TIDN AFE Type: AFE Type: AFE Type: 85210 Recompletion B5210 Recompletion IAPK State Com. #3 I D'FSL & 760' FWL DIVISICN NAME D'FSL & 760' FWL DIVISICN NAME D'FSL & 760' FWL DIVISICN NAME DISTRICT NAME DISTRICT NAME BRANCH NAME DISTRICT NAME Vater, Fastine Rental Mud & Additives Mud & Additives Siging Unit, Sample Bags ng - Surface Casing ToDis & Tape Copies Equip. Rntl., Trkg. & Welding Sion & Overhead ancy Topis & Service S Supplies Purchase ng - Production Casing	Vieil Objective: We X Ori X X Gas X Injector PRC STA LOC Oil 4 Oil 4 \$7400/day + \$40k mo	Type: Development Exploratory DJ'D DEPTH TE CATION RIZON Gas Division	X Orgnal Revised Final 12,600' New Mexico Section 2.165.35E Morrow DRY HOLE CC 1,200 15,000 15,000 15,000 15,000 11,600 24,000 24,500	1,200 15,000 365,000 15,000 32,000 11,600 24,000 10,000
X New Dritting APK State Com. #3 APK State Com. #3 APK State Com. #3 DIVISION NAME DIVISION NAME DISTRICT NAME DISTRICT NAME BRANCH NAME STS: Permit & Legal Fees , Right-of-Way Footage Daywork	X Oil X X Gas X Injector PR STA LOC HOF Oil & Oil & STA \$7400/day + \$40k mo	Development Exploratory	X Orgnal Revised Final 12,600' New Mexico Section 2.165.35E Morrow DRY HOLE CC 1,200 15,000 15,000 15,000 15,000 11,600 24,000 24,500	1,200 15,000 365,000 15,000 32,000 11,600 24,000 10,000
BS210 Recompletion Recompletio	X Gas Injector PRC STA COC HOF Oil 2 S7400/day + \$40k mo	Exploratory	Revised Frite 12,800' New Mexico Section 2-165-35E Morrow 0 12,000 12,000 15,000 365,000 15,000 365,000 15,000 22,000 11,600 24,000 10,002 25,400 24,500	1,200 15,000 365,000 15,000 32,000 11,600 24,000 10,000
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