

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1988



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

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

February 26, 1999

Attention: Mike Gray
Nearburg Exploration Company, LLC
3300 N. "A" Street, Bldg 2, Suite 120
Midland, Texas 79705

RE: Nearburg Application for
Unorthodox well location
Township 21 South, Range 35 East
Section 28: S/2
Lea County, New Mexico

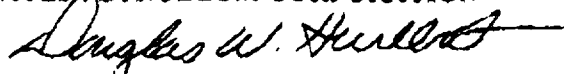
Dear Mr. Gray:

Yates Petroleum Corporation, Yates Drilling Company, Myco Industries, Inc. and Abo Petroleum Corporation will not object to your unorthodox well location stated above, provided that Nearburg Exploration Company will not object to a like location on our offset acreage.

Please indicate your acceptance of this agreement by signing and returning one (1) executed copy of this letter to the undersigned.

Very truly yours,

YATES PETROLEUM CORPORATION


Douglas W. Hurlbut
Landman

DWH/dc

AGREED TO AND ACCEPTED this 2nd day of March, 1999

NEARBURG EXPLORATION COMPANY, LLC

By: 
S. L. Loman

NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 3

CASE NO. _____

RECEIVED

FEB 22 1999

KLP

**Nearburg Exploration Company, L.L.C.**

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

February 17, 1999

Crescent Porter Hale Foundation
1069 Mills Tower
220 Bush Street
San Francisco, California 94104

Re: Nearburg Range State #2 Well
T-21-S, R-35-E, Section 28: S/2
990' FEL and 660' FSL
Lea County, New Mexico
Range Prospect

Gentlemen:

Nearburg Exploration Company, L.L.C. desires to drill a 13,000'± Morrow test well at the captioned location in a unit comprising the S/2 of Section 28, T-21-S, R-35-E. This location will be an unorthodox location according to Oil Conservation Division rules. Crescent Porter Hale Foundation is an offsetting owner in Section 27, T-21-S, R-35-E. If you have no objection to this proposed unorthodox location, we would appreciate your executing and returning one copy of this letter to the letterhead address.

Very truly yours,



Michael M. Gray
Senior Landman

MMG/dw

I/We do not object to the proposed unorthodox location.

CRESCENT PORTER HALE FOUNDATIONBy: 
Its: Director

cc: Mr. A.L. Ballard
1021 Main Street, Suite 1705
Houston, Texas 77002