

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

January 12, 1993

TO: Working Interest Owners
Addressee List Attached

Re: Proposed Binger 'AKU' #1
Township 19 South, Range 25 East
Section 29: NE/4
Eddy County, New Mexico

Ladies and Gentlemen:

Last year Yates Petroleum Corporation proposed drilling the Binger 'AKU' #1 well. At this time we would like to re-propose this well. The location will be 660' FNL and 1980' FEL of Section 29, Township 19 South-Range 25 East, Eddy County, New Mexico. Said well will be drilled to approximately 8,300' to test the Canyon formation. We invite you to join with us in drilling this well. Accordingly our AFE, in duplicate, and Operating Agreement, with extra signature page, are enclosed for your review and execution. Please sign and return one copy of the AFE and the extra signature page to the Operating Agreement.

If you are not interested in participating in the drilling of this well, we invite you to farmout your interest, retaining an overriding royalty interest equal to the difference between existing burdens and 25% until payout with the option of converting retained overriding royalty to a 25% working interest after payout, all subject to proportionate reduction.

Please review and let us know of your decision. We would like to begin drilling in early March, 1993.

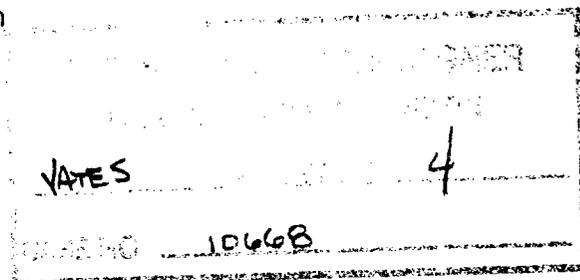
Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Janet Richardson
Landman

JR/rab
enclosures



Spiral, Inc.
P. O. Box 1933
Roswell, New Mexico 88201

Laura P. Lodewick
511 Newell
Dallas, Texas 75223

John W. Lodewick
3305 Wentwood
Dallas, Texas 75225

Richard B. Lodewick
2100 W. Wadley Ave. #21
Midland, Texas 79705-6434

Lodewick Energy
2100 W. Wadley Ave. #21
Midland, Texas 79705-6434

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500

Kerr-McGee Corporation
P. O. Box 11050
Midland, Texas 79702

Arco Oil and Gas Company
P. O. Box 910335
Dallas, Texas 75391-0335

Coquina Oil Corporation
P. O. Box 27725
Houston, Texas 77227-7725

American National Petroleum Company
P. O. Box 27725
Houston, Texas 77227-7725

Ernie Bello
3325 Ala Akulikuii
Honolulu, Hawaii 98618

Frances B. Bunn
P. O. Box 939
Honolulu, Hawaii 96808

J. W. Gendron
c/o Gendron Family Revocable Trust
1280 Encino Drive
San Marino, California 91108

David Goodnow
230 Ridgefield Road
Wilton, Connecticut 06897

Sanford J. Hodge, III
4324 Hanover Ave.
Dallas, Texas 75225-6748

E. G. Golden Testamentary Trust
2524 Union Street
San Francisco, California 94123

Isaac A. Kawasaki
734 Kalanipuu Street
Honolulu, Hawaii 96825

Betsy H. Keller
2524 Union Street
San Francisco, California 94123

Charles Cline Moore
138 Harvard Ave.
Mill Valley, California 94941

Vernon Munroe
1755 York Ave. Apt. 24G
New York, New York 10128-6872

NCNB Texas, Successor Trustee of the
William B. Oliver Trust
Acct. No. 0805400
c/o Fiduciary Services Inc.
P. O. Box 2020
Tyler, Texas 75710-2020

Adolph P. Schuman
2701 16th Street
San Francisco, California 94104

Space Building Corporation
250 Cape Highway, Route 44
East Taunton, Maine 02718

J. Frederick VanVranken
S. C. Burnstein and Company
767 5th Ave.
New York, New York 10153

Joseph R. Hodge
2900 Northwood Road
Austin, Texas 78703