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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
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S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY

TREASURER

February 19, 1993

TO:

Working Interest Owners Addressee List Attached

Re:

Proposed Hooper 'AMP' #1

Township 19 South, Range 25 East

Section 21: SW/4

Eddy County, New Mexico

Ladies and Gentlemen:

Yates Petroleum Corporation hereby proposes drilling the Hooper 'AMP' #1 well. The location will be 670' FSL and 660' FWL of Section 21, 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 exisiting 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 VACS INVESTIGATION 4

Nearburg Exploration Company 3300 North "A" Street Building 8, Suite 8100 Midland, Texas 79705

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

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

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Laura P. Lodewick 511 Newell Dallas, Texas 75223

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

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

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

Estate of William H. Nixon 8511 Wedderburn Lane Vienne, Virginia 22180

Charles H. Coll P. O. Box 1818 Roswell, New Mexico 88202

First City, Texas, Successor Trustee of the William B. Oliver Trust c/o Fiduciary Services, Inc. P. O. Box 2020 Tyler, Texas 75710-2020 Max Coll II Route 9, Box 72F Santa Fe, New Mexico 87505

Jon F. Coll P. O. Box 1818 Roswell, New Mexico 88202

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

E. G. Holden 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

Brown Brothers Harriman Trust, Successor Trustee of the Agnes Cluthe Oliver Trust 4900 Trammell Crow Center 2001 Ross Avenue Dallas, Texas 75201-2996

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

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

J. F. Van Vranken S. C. Burnstein & Co. 767 5th Ave. New York, New York 10153

Cross Timbers Oil Company, L.P. 810 Houston Street, Suite 2000 Fort Worth, Texas 76102

Amax Oil & Gas Inc. P. O. Box 42806 Houston, Texas 77042-2806