

**BEFORE EXAMINER STOGNER****OIL CONSERVATION DIVISION****YATES PETRO. EXHIBIT NO. 3**

5-24-91 Letter **Marathon Oil Co. CASE NO. 10396**  
Addressed Possible Purchase of their acreage

6-4-91 Phone call **Marathon Oil Co. - Wayne L. Ransbottom**  
Not in - Left message to call back (NCB)

6-10-91 Phone call **Marathon Oil Co. - Wayne L. Ransbottom**  
In meeting - Left message to call back (NCB)

6-18-91 Phone call **Marathon Oil Co. - Wayne L. Ransbottom**  
Left message to call back (NCB)

6-27-91 Phone call **Marathon Oil Co.**  
Out of office - Left message (NCB)

6-28-91 Letter **Marathon Oil Co.**  
Tendered acreage purchase offer

7-3-91 Phone call **Marathon Oil Co. - Joe Rusnak**  
Out of office till 15th - Left message to call back (NCB)

7-10-91 Certified Letter - **Marathon, Nearburg, Lodewick, Jennings, HEYCO**  
Well Proposal - Requested Participation, Farmout  
(75% - 1/4 Back in after payout) or sell/lease  
(\$300 per are)

7-16-91 Phone call **Marathon Oil Co. - Per Mark Skrabacz**  
Send AFE - They are interested in doing something.

7-22-91 Phone call **Marathon Oil Co. - Per Mark Skrabacz -**  
Wants AFE faxed.

7-23-91 Certified Letter - **Marathon, Nearburg, Lodewick, Jennings (First Roswell Co.), HEYCO**  
Second well proposal offer - AFE enclosed -  
Requested participation

8-2-91 Phone call **Lee Voight**  
Has deal with Marathon till 1st of Oct. for them  
to drill a well, but if doesn't work out, he wants  
to try and work with YPC.

8-20-91 Phone call **Marathon Oil Co. - Mark Skrabacz**  
Should have answer by next week

**Nearburg - Bob Shelton**  
Not in - Left message to call back. (NCB)

8-22-91 Phone call **Nearburg - Mark Nearburg**  
No decision regarding participation - Will have  
Bob Shelton call back (NCB)

8-28-91 Phone call **Marathon Oil Co. - Mark Skrabacz**  
Still considering participation, but leaning toward selling, said Nearburg also made cash offer.

**Nearburg - Bob Shelton**  
Left message to call back (NCB)

8/29/91 Phone call **Marathon Oil Co. - Mark Skrabacz**  
Said engineers value at approximately \$650 to \$675 per acre which is approximately what Nearburg has offer. YPC offered \$750 per acre. He will talk to management and call back.

8-30-91 Phone call **Marathon Oil Co. - Per Mark Skrabacz**  
They have new well information in area but will keep our offer in mind and stay in touch.

9-5-91 Phone call **Marathon Oil Co. - Per Mark Skrabacz**  
Still considering offer, may want to make counter offer with some type acreage trade or may go for best cash offer. Will let me know next week.

**Per Lee Voight**  
Nearburg made offer to him but he wanted to give Yates Petroleum Corporation first opportunity.

9-6-91 Phone call **Nearburg - Bob Shelton**  
Not in - Left message to call back

9-9-91 Phone call **Nearburg - Per Bob Shelton**  
Said Geology still considering participation. He will try to speed up and make decision.

9-10-91 Filed for OCD Hearing

Phone call **HEYCO - Raymond Reyez**  
Informed him of pooling. He will let me know if they will participate as usual.

9-11-91 Phone call **Marathon Oil Co. - Mark Skrabacz**  
They want to consider some type of acreage trade. He will fax details.

9-12-91 Phone call **Marathon Oil Co. - Per Mark Skrabacz**  
Has YPC decided about acreage trade? No, YPC management out of state.

9-13-91 Certified Letter - **All Interest Owners**  
Provided Operating Agreement and again requested participation

9-16-91	Phone call	<b>Marathon Oil Co. - Per Mark Skrabacz</b> YPC still considering trade terms
9-17-91	Phone call	<b>Marathon Oil Co. - Per Mark Skrabacz</b> Any decision on acreage trade? - If they can't make trade, they are considering selling acreage to Nearburg.
9-18-91	Carlsbad	<b>Lee Voight</b> Discussed terms. He didn't want to participate or farmout. Said he would lease for no bonus, 50% royalty or maybe 50% royalty on first well and 25% royalty on second well or he might consider <u>\$40,000 Bonus</u> and 25% royalty. If we couldn't meet his terms, he didn't mind being pooled. YPC can't meet these terms.
9-19-91	Letter	<b>Marathon Oil Co.</b> Received detailed acreage trade proposal from Marathon
9-20-91	Phone call	<b>Marathon Oil Co. - Per Mark Skrabacz</b> Still discussing acreage trade proposal  <b>Nearburg - Bob Shelton</b> On phone left message to call back (NCB)  <b>HEYCO - Bob Bell</b> Left message to call back (NCB)  <b>Roswell 1st Co. - Tom Jennings</b> Offered to lease \$1100 per acre - 1/4 royalty.
	Faxed letter	<b>Marathon Oil Co.</b> Offered \$1100 per acre for 75% net lease while they are considering acreage trade.
	Certified Letter	- <b>Wilma Voight</b> Offered \$1100 per acre and 1/4 royalty to lease
9-23-91	Phone call	<b>Nearburg - Bob Shelton</b> Left message to call back.  <b>Mark Nearburg</b> Not in - Left message  <b>HEYCO - Per Bob Bell</b> Offered \$1100 per acre & 1/4 royalty, said they will probably participate.

9-24-91 Phone call **Marathon Oil Co. - Mark Skrabacz**  
YPC made counter proposal on acreage trade.

**Nearburg - Per Bob Shelton**  
They will probably participate, agree well needs to be drilled. Will make election after pooling. Didn't see any reason why they would protest.

**Certified Letter - Nearburg**

Pursuant to phone conversation above, letter seeks working out an acceptable JOA so they can be dropped from pooling.

9-26-91 Phone call **HEYCO - Per Judy Jones**  
They will participate.

9-27-91 Fax and Phone Call - **Marathon Oil Co. - Per Mark Skrabacz**  
They will only trade on their acreage terms, otherwise, probably sell to Nearburg. Trade terms worked out and YPC will make trade for Marathon's acreage in Sec. 29.

9-30-91 Phone call **Marathon Oil Co. - Per Mark Skrabacz**  
Confirms Marathon's management agrees to terms of trade. We will work out details of assignment.

**Lee Voight**

Said he would lease for \$40,000 & 1/3 royalty otherwise he wanted to be pooled.

**Nearburg - Per Bob Shelton**  
Wanted to stop competing for Voight interest and share this acreage if pooled.

10-1-91 Phone call **Wilma Voight**  
Confirmed YPC's last offer and told her to call should she decide to lease.

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



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

7-8-91

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

May 24, 1991

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

Attention: Wayne L. Ransbottom

Re: Township 19 South, Range 25 East, NMPM  
Section 29: NW/4NW/4 AND SE/4NE/4NW/4  
Eddy County, NM  
Containing 50.00 acres, more or less

Gentlemen:

I enjoyed the opportunity to visit with you this past Tuesday at the State Land Sale in Santa Fe. By coincidence, we were talking about your purchase of TXO's interest in the above captioned area. Upon returning to Artesia my management has requested me to pursue increasing our leasehold in this area for possible development.

Yates Petroleum Corporation would like to explore the possibility of purchasing Marathon's leasehold in this tract and other adjoining sections. If you feel we might work out come type sale or trade, please give me a call so we can discuss details.

Thank you for your consideration. 915) 682-1626

Very truly yours,

**YATES PETROLEUM CORPORATION**

Michael R. Burch  
Landman

6-4-91 NOT IN 4MTO 4B  
6-10-91 ON PHONE 4MTO 4B  
6-18-91 4MTO 4B  
6-27-91 OUT OF OFFICE BACK IN  
OFFICE 7-8-91.  
6-28-91 OFFER LT. TO PEANZOL L

7-3-91 JOE RUSNICK 1515 LEE MESSAGE TO 4B  
915) 687-8428

MRB/pkw

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



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SECRETARY  
DENNIS G. KINSEY  
TREASURER

June 28, 1991

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

Attention: Wayne L. Ransbottom

Re: Township 19 South, Range 25 East, NMPM  
Sections 20 & 29  
Eddy County, NM

Gentlemen:

Under letter dated May, 24, 1991 Yates Petroleum Corporation noted our desire to explore the possibility of purchasing Marathon's leasehold in the above captioned area. We would now like to tender an offer of \$300 per net acre that Marathon acquired from TXO in the above listed sections.

Again, if you feel we might work out some type of purchase or trade, please give me a call to discuss. Yates Petroleum Corporation would like to expand this area and respectfully requests your consideration to this offer.

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

*Michael R. Burch*

Michael R. Burch  
Landman

MRB/pkw

MARTIN YATES, III  
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SECRETARY  
DENNIS G. KINSEY  
TREASURER

July 10, 1991

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Laura B. Lodewick, et al  
c/o Jennings Law Firm  
111 South Kentucky Avenue  
P. O. Box 1180  
Roswell, New Mexico 88202-1180

Re: Well Proposal  
Township 19 South, Range 25 East NMPM  
Section 29: NW/4  
Eddy County, New Mexico  
8100' Canyon Test

Gentlemen:

Yates Petroleum Corporation proposes the drilling of an 8100' Canyon test located 660' FNL and 660' FWL in the captioned section, with dryhole costs estimated at \$240,850 and completed cost \$494,350. We respectfully request your support of this test by one of the following:

1. Join Yates Petroleum Corporation in the drilling of said test by paying your proportionate share of the drilling and completion costs.
2. Farmout your acreage to us on a 75% net revenue interest lease basis with your retained overriding royalty interest being convertible to a 25% working interest after payout.
3. Lease your mineral interest to us for three years, \$300 per acre bonus, and 3/16ths royalty.

A detailed Authority for Expenditure for this well is being prepared and will be made available for your review. Thank you for your consideration to this proposal and if you have any questions or want to discuss, please call.

Very truly yours,

YATES PETROLEUM CORPORATION

*Michael R. Burch*

Michael R. Burch  
Landman

MRB/mw

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



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

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SECRETARY  
DENNIS G. KINSEY  
TREASURER

July 10, 1991

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

James T. Jennings  
111 South Kentucky Avenue  
P. O. Box 1180  
Roswell, New Mexico 88202-1180

Re: Well Proposal  
Township 19 South, Range 25 East NMPM  
Section 29: NW/4  
Eddy County, New Mexico  
8100' Canyon Test

Gentlemen:

Yates Petroleum Corporation proposes the drilling of an 8100' Canyon test located 660' FNL and 660' FWL in the captioned section, with dryhole costs estimated at \$240,850 and completed cost \$494,350. We respectfully request your support of this test by one of the following:

1. Join Yates Petroleum Corporation in the drilling of said test by paying your proportionate share of the drilling and completion costs.
2. Farmout your acreage to us on a 75% net revenue interest lease basis with your retained overriding royalty interest being convertible to a 25% working interest after payout.
3. Lease your mineral interest to us for three years, \$300 per acre bonus, and 3/16ths royalty.

A detailed Authority for Expenditure for this well is being prepared and will be made available for your review. Thank you for your consideration to this proposal and if you have any questions or want to discuss, please call.

Very truly yours,

YATES PETROLEUM CORPORATION

*Michael R. Burch*

Michael R. Burch  
Landman

MRB/mw

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MARTIN YATES, III  
1912 - 1985  
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1936 - 1986



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DENNIS G. KINSEY  
TREASURER

July 10, 1991

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Marathon Oil Company  
P. O. Box 552  
Midland, Texas 79702

Attention: Mr. Wayne L. Ransbottom

Re: Well Proposal  
Township 19 South, Range 25 East NMPM  
Section 29: NW/4  
Eddy County, New Mexico  
8100' Canyon Test

Gentlemen:

To date Yates Petroleum Corporation has not received any response from Marathon regarding our proposal letters dated May 24, 1991 and June 28, 1991 covering the above captioned area. As outlined in said letters, Yates Petroleum Corporation is interested in developing this area and therefore now proposes an 8100' Canyon test to be located 660' FNL and 660' FWL in the captioned section, with dry hole costs estimated to be \$240,850 and completed cost \$494,350.

Yates Petroleum Corporation respectfully requests Marathon's support of this test in one of the following manners:

- 915) 682-1626
1. Join Yates Petroleum Corporation in the drilling of this test by paying your proportionate share of the drilling and completion costs.
  2. Farmout your acreage to us on a 75% net revenue interest lease basis with your overriding royalty being convertible to a 25% working interest after payout.
  3. Sell Yates Petroleum Corporation your leasehold position in said section for \$300 per net acre.

YATES PETROLEUM CORPORATION  
OFFICIAL BUSINESS  
UNDER INSTRUMENT  
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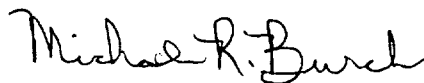
Marathon Oil Company  
July 10, 1991

Page 2

A detailed Authority for Expenditure for this well is being prepared and will be made available for your review. Thank you for your consideration to this proposal and if you have any questions or want to discuss, please call.

Very truly yours,

YATES PETROLEUM CORPORATION

A handwritten signature in cursive script that reads "Michael R. Burch".

Michael R. Burch  
Landman

MRB/mw

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



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
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DENNIS G. KINSEY  
TREASURER

July 10, 1991

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Harvey E. Yates Company  
P. O. Box 1933  
Roswell, New Mexico 88201

Attention: Mr. Harvey E. Yates

Re: Well Proposal  
Township 19 South, Range 25 East NMPM  
Section 29: NW/4  
Eddy County, New Mexico  
8100' Canyon Test

Gentlemen:

Yates Petroleum Corporation proposes the drilling of an 8100' Canyon test located 660' FNL and 660' FWL in the captioned section, with dryhole costs estimated at \$240,850 and completed cost \$494,350. We respectfully request HEYCO's support of this test by one of the following:

1. Join Yates Petroleum Corporation in the drilling of said test by paying your proportionate share of the drilling and completion costs.
2. Farmout your acreage to us on a 75% net revenue interest lease basis with your retained overriding royalty interest being convertible to a 25% working interest after payout.

A detailed Authority for Expenditure for this well is being prepared and will be made available for your review. Thank you for your consideration to this proposal and if you have any questions or want to discuss, please call.

Very truly yours,

YATES PETROLEUM CORPORATION

Michael R. Burch

Michael R. Burch  
Landman

MRB/mw

4 THEY WILL PARTICIPATE

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



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

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DENNIS G. KINSEY  
TREASURER

July 10, 1991

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Nearburg Producing Company  
1 Petroleum Center Building, Suite 100  
3300 North "A" Street  
Midland, Texas 79705

Attention: Mr. Mark Nearburg

Re: Well Proposal  
Township 19 South, Range 25 East NMPM  
Section 29: NW/4  
Eddy County, New Mexico  
8100' Canyon Test

Gentlemen:

Yates Petroleum Corporation proposes the drilling of an 8100' Canyon test located 660' FNL and 660' FWL in the captioned section, with dryhole costs estimated at \$240,850 and completed cost \$494,350. We respectfully request Nearburg's support of this test by one of the following:

1. Join Yates Petroleum Corporation in the drilling of said test by paying your proportionate share of the drilling and completion costs.
2. Farmout your acreage to us on a 75% net revenue interest lease basis with your retained overriding royalty interest being convertible to a 25% working interest after payout.

A detailed Authority for Expenditure for this well is being prepared and will be made available for your review. Thank you for your consideration to this proposal and if you have any questions or want to discuss, please call.

Very truly yours,

YATES PETROLEUM CORPORATION

*Michael R. Burch*

Michael R. Burch  
Landman

MRB/mw

YATES POSTAL 6  
SPECIAL BUSINESS  
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MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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

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RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

July 23, 1991

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: WORKING INTEREST OWNERS  
ADDRESSEE LIST ATTACHED

RE: Well Proposal  
Township 19 South, Range 25 East  
Section 29: NW/4  
Eddy County, New Mexico  
8100' Canyon Test  
660' FNL & 660' FWL

Gentlemen:

Under letter dated July 10, 1991, Yates Petroleum Corporation proposed the drilling of an 8100' Canyon test in the above captioned section, with a request to either join us in the drilling of same or to support our test by farming out your acreage.

Enclosed is an Authority For Expenditure for your review. Should you decide to join us in the drilling of this well, please sign and return one copy to this office. Acceptance of this Authority For Expenditure will be subject to approval of a mutually acceptable operating agreement. If you have any questions, regarding this proposal, please call.

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Michael R. Burch  
Landman

MRB/pkw  
Enclosures

VOIGHT AJD COM. #1  
WORKING INTEREST OWNERS

Attention: Michael R. Burch  
Yates Petroleum Corporation  
105 S. 5th Street  
Artesia, New Mexico 88210

Attention: Michael R. Burch  
Myco Industries, Inc.  
105 S. 5th Street  
Artesia, New Mexico 88210

Attention: Harvey E. Yates  
Harvey E. Yates Company  
P. O. Box 1933  
Roswell, New Mexico 88201

Attention: Michael R. Burch  
Yates Drilling Company  
105 S. 5th Street  
Artesia, New Mexico 88210

Attention: Michael R. Burch  
S. P. Yates  
105 S. 5th Street  
Artesia, New Mexico 88210

Attention: Wayne L. Ransbottom  
Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702

Attention: Michael R. Burch  
Abo Petroleum Corporation  
105 S. 5th Street  
Artesia, New Mexico 88210

First Roswell Company, Ltd.  
P.O. Box 1797  
Roswell, New Mexico 88202

Nearburg Producing Company  
1 Petroleum Center Building, Suite 100  
3300 North A Street  
Midland, Texas 79705

Patricia Lodewick  
511 Newell  
Dallas, Texas 75223

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

John Lodewick  
3305 Wentwood  
Dallas, Texas 75225

MARTIN YATES, III  
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1936 - 1986



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SECRETARY  
DENNIS G. KINSEY  
TREASURER

September 9, 1991

William Carr  
Campbell & Black  
P. O. Box 2208  
Santa Fe, New Mexico 87504

Re: Force Pooling  
Township 19 South, Range 25 East, NMPM  
Section 29: NW/4  
Containing 160 acres more or less  
8,100 Canyon Test  
Eddy County, NM

Gentlemen:

Please place the above captioned tract for OCD hearing on the October 3, 1991 docket. Yates Petroleum Corporation proposes to drill an 8,100' Canyon test 660' FNL and 660' FWL in the NW/4 Section 29-T19S-R25E. Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation, and Myco Industries, Inc. make up 37.50%, and additional parties already signing Authority For Expenditures bring the total to 42.708333%. The following are uncommitted parties we need to pool:

Wilma Evelyn Voight 609 South 6th Street Carlsbad, New Mexico 88220	12.50%
Nearburg Producing Company One Petroleum Center Building Suite 100 3300 North "A" Street Midland, Texas 79705	25.00%
Marathon Oil Company P. O. Box 552 Midland, Texas 79702 AND/OR (TXO Production Corporation) 415 West Wall, Suite 900 Midland, Texas 79701	16.666667%
Harvey E. Yates P. O. Box 1933 Roswell, New Mexico 88201	3.125%

Should you need anymore information to get this on the docket, please call immediately.

Very truly yours,

YATES PETROLEUM CORPORATION

Michael R. Burch  
Landman

MRB/pkw

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



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
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SECRETARY  
DENNIS G. KINSEY  
TREASURER

September 13, 1991

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

**WORKING INTEREST OWNERS  
ADDRESSEE LIST ATTACHED**

Re: **Joint Operating Agreement**  
**Voight "AJD" Com. #1**  
Township 19 South, Range 25 East NMPM  
Section 29: NW/4  
Containing 160.00 acres more or less  
Eddy County, New Mexico  
8100' Canyon Test

Gentlemen:

Under letters dated July 10th, 1991 and July 23, 1991 Yates Petroleum Corporation proposed the drilling of the above captioned well. We have received some voluntary support for this well and are still negotiating with others. For your review, please find enclosed Joint Operating Agreement covering this well. Should you elect to participate with us in drilling this test, please sign previously provided Authority For Expenditure and one signature page to this Joint Operating Agreement, then return to this office.

If you have any questions regarding this matter, please call.

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Michael R. Burch  
Landman

MRB/tkr  
enclosure



VOIGHT AJD COM. #1  
WORKING INTEREST OWNERS

Attention: Michael R. Burch  
Yates Petroleum Corporation  
105 S. 5th Street  
Artesia, New Mexico 88210

Attention: Michael R. Burch  
Yates Drilling Company  
105 S. 5th Street  
Artesia, New Mexico 88210

Attention: Michael R. Burch  
Abo Petroleum Corporation  
105 S. 5th Street  
Artesia, New Mexico 88210

Patricia Lodewick  
511 Newell  
Dallas, Texas 75223

Wilma Evelyn Voight  
609 South 6th Street  
Carlsbad, New Mexico 88220

Attention: Michael R. Burch  
Myco Industries, Inc.  
105 S. 5th Street  
Artesia, New Mexico 88210

Attention: Michael R. Burch  
S. P. Yates  
105 S. 5th Street  
Artesia, New Mexico 88210

First Roswell Company, Ltd.  
P.O. Box 1797  
Roswell, New Mexico 88202

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

Attention: Harvey E. Yates  
Harvey E. Yates Company  
P. O. Box 1933  
Roswell, New Mexico 88201

Attention: Wayne L. Ransbottom  
Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702

Nearburg Producing Company  
1 Petroleum Center Building, Suite 100  
3300 North A Street  
Midland, Texas 79705

John Lodewick  
3305 Wentwood  
Dallas, Texas 75225

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

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

September 17, 1991

Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702  
Attn: Mark A. Skrabacz

Re: **YATES PETROLEUM CORPORATION'S  
PROPOSED ACREAGE PURCHASE**  
Township 19 South, Range 25 East NMPM  
Section 20: E/2  
Section 29: N/2  
Eddy County, New Mexico

Dear Mr. Skrabacz:

Subsequent to my verbal offer to you on August 29th, 1991, to purchase Marathons acreage in Section 20 & 29 Township 19 South, Range 25 East for \$750.00 per net acre, you proposed an acreage trade under letter dated September 11, 1991 covering acreage Held By Production in another area.

Our policy is quite similar to Marathon's regarding HBP acreage in that trades involving HBP acreage tend to be more difficult to negotiate than those on term acreage. However, we would entertain working a trade with Marathon on a like acreage basis. If Marathon would consider an acreage trade on this basis, please submit your proposed acreage for review. Meanwhile, please accept Yates Petroleum Corporation present offer of \$850.00 per net acre for Marathons acreage in Section 20 & 29 Township 19 South, Range 25 East, delivering a 75% Net Revenue Lease and reserving as an Overriding Royalty Interest the difference between said lease burdens and 75%.

As stated in our phone conversation today, Yates Petroleum Corporation has been diligent in our efforts to negotiate some type of deal with Marathon since our initial contact May 24, 1991. We are serious about our desire to drill an 8100' Canyon Test in the NW/4 of Section 29 and due to our extensive operations in this area, feel it's to the benefit of all Working Interest Owners for Yates Petroleum Corporation to operate this well. It is our hope that, in the absence of working an acreage trade, Yates Petroleum Corporation would be afforded every opportunity to negotiate for Marathon's acreage on a cash (+) basis.

Thank you for your consideration to this revised cash offer.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Michael R. Burch  
Landman

MRB/tkr

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FRANK W. YATES  
1936 - 1986



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SECRETARY  
DENNIS G. KINSEY  
TREASURER

September 20, 1991

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Wilma Evelyn Voight  
609 South 6th Street  
Carlsbad, New Mexico 88220

Re: **Lease Proposal**  
Township 19 South, Range 25 East NMPM  
Section 29: NW/4 NW/4  
Eddy County, New Mexico

Dear Mrs. Voight:

Yates Petroleum Corporation would like to extend an offer to lease your 20.00 net Mineral Acre Interest in the above captioned tract on the following terms:

- 1). One time bonus consideration equal to \$22,000.00.
- 2). A 3 year paid-up lease.
- 3). A 1/4th of 8/8ths royalty reservation to yourself.

If these terms meet with your approval, please call me at 748-1471 to prepare an Oil & Gas Lease. Thank you for your consideration to this offer.

Very truly yours,

**YATES PETROLEUM CORPORATION**

*Michael R. Burch*

Michael R. Burch  
Landman

MRB/tkr

INSTRUCTIONS  
In the space below  
• Complete items 1, 2, 3, and 4 on the  
reverse.  
Attach to front of article if space  
permits, otherwise affix to back of  
article.  
"Return  
tested" adjacent to

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  
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PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

September 20, 1991

Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702

Attn: Mark A. Skrabacz

Re: **Proposed Acreage Purchase**  
Township 19 South, Range 25 East NMPM  
Section 20: E/2  
Section 29: N/2  
Eddy County, New Mexico

Dear Mr. Skrabacz:

Yates Petroleum Corporation is in receipt of your revised acreage trade proposal under letter dated September 18, 1991 and will take those terms under consideration. As stated in our September 17, 1991 letter to Marathon, HBP acreage is more difficult to negotiate, so therefore, please accept our offer of \$1100 per net acre for your acreage in the captioned tracts while we are considering your terms. Marathon would deliver 75% net revenue leases, reserving the lease burden difference as an Overriding Royalty Interest.

Thank you for your consideration to this revised cash offer.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Michael R. Burch  
Landman

MRB/tkr

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EXECUTIVE VICE PRESIDENT  
RANDY G. PATTEN  
SECRETARY  
DENNIS G. KINSE  
TREASURER

September 24, 1991

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Nearburg Producing Company  
1 Petroleum Center Building, Suite 100  
3300 North "A" Street  
Midland, Texas 79705

Attn: Mr. Bob Shelton

Re: **Voight "AJD" Com. #1**  
Township 19 South, Range 25 East NMPM  
Section 29: NW/4  
Eddy County, New Mexico

Gentlemen:

Pursuant to our telephone conversation today, you indicated that Nearburg would very probably participate with us in the drilling of the above captioned well. Both Yates Petroleum Corporation and Nearburg agree that a well should be drilled on this tract and I hope we can work out a mutually acceptable Joint Operating Agreement prior to October 3, 1991 so Nearburg can be dropped from this pooling.

Should you have any questions or want to discuss terms of our JOA, Please call.

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Michael R. Burch  
Landman

MRB/tkr

First Class Services, Inc.  
Postage & Fees Guaranteed  
Certified Mail, Return Receipt Requested