

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



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
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

February 23, 2004

Working Interest Owners  
(See Attached List)

**Certified Mail/  
Return Receipt Requested**

Re: Value BCV State Com #1  
Township 8 South, Range 26 East, NMPM  
Section 2: Lots 1,2 (N/2NE/4), SE/4NE/4, SE/4, SW/4NE/4 (E/2)  
Chaves County, New Mexico

Dear Working Interest Owners:

Yates Petroleum Corporation proposes to drill the captioned well. I enclose two (2) copies of an Authority for Expenditure for drilling of the above captioned well and one (1) copy and one additional signature page, of the Value BCV State Com #1 Operating Agreement, which covers Lots 1,2 (N/2NE/4), SE/4NE/4, SE/4, SW/4NE/4 (E/2) of Section 2, Township 8 South, Range 26 East. Also included is a copy of the Title Opinion for lease number V-5534 and LG-1459, which cover the above captioned lands. If the AFE and Operating Agreement are satisfactory, please sign and return one (1) executed copy of each to our office within the (30) day time period. Additionally, by accepting and signing the AFE and Operating Agreement you are approving the title for the drilling of the well.

If you have any questions, please give me a call at (505) 748-4349.

Very truly yours,

**YATES PETROLEUM CORPORATION**

  
Chuck Moran  
Landman

CEM:tv  
Enclosures

I/We hereby approves title for the drilling of the captioned well.

Company/Name: \_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13254 Exhibit No. 2  
Submitted by:  
YATES PETROLEUM CORPORATION  
Hearing Date: May 13, 2004

Value BCV State Com #1  
Township 8 South, Range 26 East, N.M.P.M.  
Section 2: Lots 1,2 (N/2NE/4), SE/4NE/4, SE/4, SW/4NE/4 (E/2)  
Chaves County, New Mexico  
Ownership Address List

Yates Petroleum Corporation  
Yates Drilling Company  
Myco Industries, Inc.  
Abo Petroleum Corporation  
105 South Fourth St.  
Artesia, NM 88210

Campbell Investment Company  
C/o Pat Greenwade  
P. O. Box 3854  
Roswell, NM 88202-3854

Pecos Production Company  
400 W. Illinois, Suite 1070  
Midland, TX 79701-1000

Trinity Limited Partnership  
P. O. Box 564  
Roswell, NM 88202-0564

Calto Oil Company  
P. O. Box 12266  
Dallas, TX 75225-0266

Gruy, LLC  
8222 Douglas Ave, Suite 250  
Dallas, TX 75225

Thornton Operating Corporation  
P. O. Box 833  
Midland, TX 79702

John D. Cadigan  
Drawer F  
Cashmere, WA 98815

Greg Vujocich  
100 Mount Hwy 287 N  
Ennis, MT 59729-9122

Marley Livestock, Inc.  
Rt. 2, 45 Crossroads  
Roswell, NM 88203

The Heirs and Devisees of Robert Marley, deceased  
And Lauralea Marley, a widow  
Rt. 2, 45 Crossroads  
Roswell, NM 88203

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Heirs and Devisees of  
Robert Marley, deceased and  
Lauralea Marley, widow  
Rt. 2, 45 Crossroads  
Roswell, NM 88203

2. Article Number

(Transfer from service label)

7002 2030 0001 8262 3655

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *[Signature]*

Agent

Addressee

B. Received by (Printed Name)

S. FORD

C. Date of Delivery

2-24-04

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No

*[Signature]*

3. Service Type

Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Calto Oil Company  
P. O. Box 12266  
Dallas, TX 75225-0266

2. Article Number

(Transfer from service label)

7002 2030 0001 8262 3587

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *[Signature]*

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

2-27-04

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No

3. Service Type

Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Gruy, LLC  
8222 Douglas Ave, Suite 250  
Dallas, TX 75225

2. Article Number

(Transfer from service label)

7002 2030 0001 8262 3617

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *[Signature]*

Agent

Addressee

B. Received by (Printed Name)

JEANNE HAYDEN

C. Date of Delivery

2/26/04

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No

3. Service Type

Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Pecos Production Company  
400 W. Illinois, Suite 1070  
Midland, TX 79701-10000

2. Article Number

(Transfer from service label)

7002 2030 0001 8262 3600

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *Loe Ann Harweh* Agent Addressee

B. Received by (Printed Name)

Loe Ann Harweh

C. Date of Delivery

2-24-04

D. Is delivery address different from item 1?  YesIf YES, enter delivery address below:  No

3. Service Type

 Certified Mail  Express Mail Registered  Return Receipt for Merchandise Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Campbell Investment Company  
C/o Pat Greenwade  
P. O. Box 3854  
Roswell, NM 88202-3854

2. Article Number

(Transfer from service label)

7002 2030 0001 8262 3570

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *Fayz Silva* Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

2-24-04

D. Is delivery address different from item 1?  YesIf YES, enter delivery address below:  No

3. Service Type

 Certified Mail  Express Mail Registered  Return Receipt for Merchandise Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

John D. Cadigan  
Drawer F  
Cashmere, WA 98815

2. Article Number

(Transfer from service label)

7002 2030 0001 8262 3594

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *Maree Cadigan* Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

2-26-04

D. Is delivery address different from item 1?  YesIf YES, enter delivery address below:  No

3. Service Type

 Certified Mail  Express Mail Registered  Return Receipt for Merchandise Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Thornton Operating Corporation  
 P. O. Box 833  
 Midland, TX 79702

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 *Carolyn Price*  Addressee  
 B. Received by (Printed Name) C. Date of Delivery  
*Carolyn Price*  
 D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes



2. Article Number

(Transfer from service)

7002 2030 0001 8262 3624

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

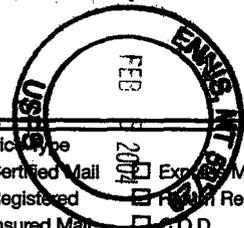
Greg Vujovich  
 100 Mount Hwy 287 N  
 Ennis, MT 59729-9122

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 *Greg Vujovich*  Addressee  
 B. Received by (Printed Name) C. Date of Delivery  
 D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes



2. Article Number

(Transfer from service label)

7002 2030 0001 8262 3648

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Marley Livestock, Inc.  
 Rt. 2, 45 Crossroads  
 Roswell, NM 88203

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 *John Ford*  Addressee  
 B. Received by (Printed Name) C. Date of Delivery  
*JOHN FORD* *2-24-04*  
 D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

*LAZAL*

2. Article Number

(Transfer from service)

7002 2030 0001 8262 3631

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Trinity Limited Partnership  
 2616 Sherrill Ln  
 Roswell, NM 88201

2. Article Number

*(Transfer from service)*

7002 2030 0001 8262 3662

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

*[Handwritten Signature]* Agent Addressee

B. Received by (Printed Name)

*Suzanne Dille*

C. Date of Delivery

*2.25.04*D. Is delivery address different from item 1?  YesIf YES, enter delivery address below:  No

3. Service Type

 Certified Mail  Express Mail Registered  Return Receipt for Merchandise Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes

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



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

105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

March 24, 2004

Greg Vujovich  
100 Mount Hwy 287 N  
Ennis, MT 59729-9122

RE: **Revised Operating Agreement Exhibit A**  
Value BCV State Com #1  
Township 8 South, Range 26 East, NMPM  
Section 2: Lots 1,2 (N/2NE/4), SE/4NE/4, SE/4, SW/4NE/4 (E/2)  
Chaves County, New Mexico

Dear Mr. Vujovich:

I enclose a revised Exhibit "A" to the operating agreement for your files. Trinity Limited Partnership has been removed as they have assigned their interest to Calto Oil Company and Calto has assigned a portion to Gruy, LLC. If you have any questions please call me.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Chuck Moran  
Landman

CEM:tjv  
Enclosure(s)

\_\_\_\_\_ We hereby accept and incorporate the revised Exhibit A (revision dated 3/24/04) into the Operating Agreement dated February 19, 2004 between Yates Petroleum Corporation as Operator and Yates Drilling Company, et al as Non Operators for the Value BCV State Com #1 well.

**GREG VUJOVICH**

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Date: \_\_\_\_\_

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

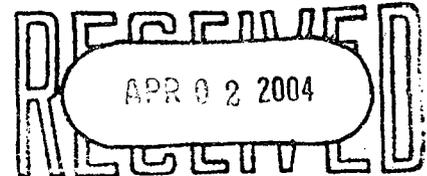


S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

March 24, 2004

John D. Cadigan  
Drawer F  
Cashmere, WA 98815



RE: **Revised Operating Agreement Exhibit A**  
Value BCV State Com #1  
Township 8 South, Range 26 East, NMPM  
Section 2: Lots 1,2 (N/2NE/4), SE/4NE/4, SE/4, SW/4NE/4 (E/2)  
Chaves County, New Mexico

Dear Mr. Cadigan:

I enclose a revised Exhibit "A" to the operating agreement for your files. Trinity Limited Partnership has been removed as they have assigned their interest to Calto Oil Company and Calto has assigned a portion to Gruy, LLC. If you have any questions please call me.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran  
Landman

CEM:tjv  
Enclosure(s)

We hereby accept and incorporate the revised Exhibit A (revision dated 3/24/04) into the Operating Agreement dated February 19, 2004 between Yates Petroleum Corporation as Operator and Yates Drilling Company, et al as Non Operators for the Value BCV State Com #1 well.

JOHN D. CADIGAN

Printed Name: John D. Cadigan  
Date: 3/29/04