

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

August 31, 2005

Chevron Texaco Corporation
11111 S. Wilcrest Drive
Houston, TX 77099-4310

Federal Express

Re: Van Dyke State Unit #1
Township 10 South, Range 33 East
Lea County, New Mexico

Gentlemen:

Please find enclosed our Authority for Expenditure (AFE), Joint Operating Agreement (JOA) and Unit Agreement (UA) proposing the drilling of the Van Dyke State Unit #1 well.

Your interest for the drilling of this well is set forth on Exhibit A to the JOA. If you wish to participate in this well please sign and return the AFE and extra signature page to the JOA and UA.

Application for approval of this unit is set before the New Mexico Oil Conservation Division on September 8, 2005.

If you would like to visit concerning this proposal please call me at 505-748-4351 or for geology questions, John Amiet at 505-748-4312.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13536 Exhibit No. 3
Submitted by:
Yates Petroleum Corporation
Hearing Date: September 8, 2005

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

August 31, 2005

Donald B. Anderson Ltd
c/o Anderson Oil Company
6300 S. Syracuse Way, Suite 470
Englewood, CO 80111

Federal Express

Re: Van Dyke State Unit #1
Township 10 South, Range 33 East
Lea County, New Mexico

Gentlemen:

Please find enclosed our Authority for Expenditure (AFE), Joint Operating Agreement (JOA) and Unit Agreement (UA) proposing the drilling of the Van Dyke State Unit #1 well.

Your interest for the drilling of this well is set forth on Exhibit A to the JOA. If you wish to participate in this well please sign and return the AFE and extra signature page to the JOA and UA.

Application for approval of this unit is set before the New Mexico Oil Conservation Division on September 8, 2005.

If you would like to visit concerning this proposal please call me at 505-748-4351 or for geology questions, John Amiet at 505-748-4312.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

A handwritten signature in cursive script that reads 'Robert Bullock'.

Robert Bullock
Landman

RB:bn
enclosure(s)