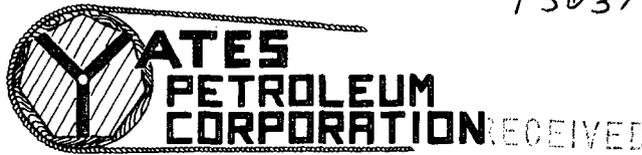


13037

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

RECEIVED

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471
2004 OCT 4 AM 7 28
STATE LAND OFFICE
SANTE FE, N.M.

NOV 19 2004

Oil Conservation Division
1220 S. Saint Francis Drive
October 11, 2004
Santa Fe, NM 87505

Attn: Mr. Pete Martinez
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Re: Biplane Unit #1 Well
Township 6 South, Range 27 East, N.M.P.M.
Section 16: E/2
Chaves County, New Mexico

Dear Pete:

Pursuant to your request, I enclose a plat of the proposed participating area for the Mississippian and Cisco formations for the captioned well. Additionally, the plat also shows the ownership for said participating areas. We are proposing that the participating area be the E/2 of Section 16 for both formations. This letter is intended to supplement our August 31, 2004 letter requesting that the E/2 of said Section 16 be established as the participating areas. If you have any further questions please give me at call.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

CEM:tv
Enclosure(s)

Cc: Attn: Armando Lopez
Bureau of Land Management
2909 W. Second St.
Roswell, NM 88201

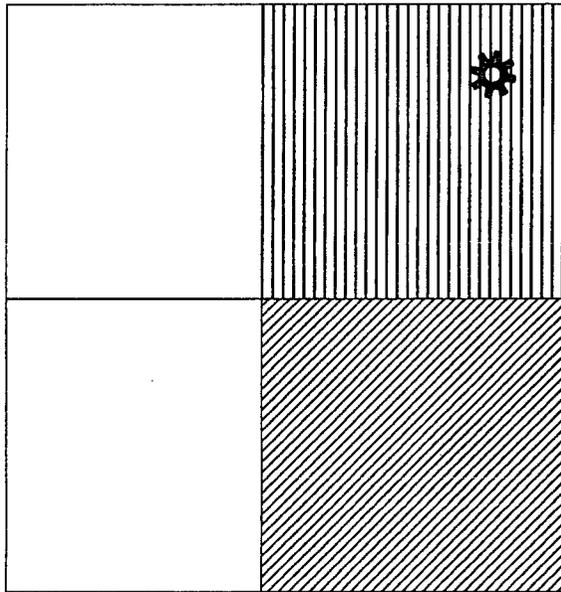
NOV 17 2004
APPROVED ON
COMMISSIONER of PUBLIC LANDS

EXHIBIT "A"

INITIAL MISSISSIPPIAN PA
INITIAL CISCO PA

PROPOSED PARTICIPATING AREA FOR MISSISSIPPIAN AND CISCO FORMATIONS

Operator: Yates Petroleum Corporation
Well: Biplane Unit #1
660' FNL & 660' FEL
Township 6 South, Range 27 East, N.M.P.M.
Section 16: E/2
Chaves County, New Mexico



RECEIVED
OCT 4 AM 7 28
Tract 1
VA-2494
160 acres, more or less
STATE LAND OFFICE
SANTA FE, N.M.

Tract 2
VA-1883
160 acres, more or less

.50

Tract 1: VA-2494
Date of Lease: July 1, 2001
Lease Term: Five Years
Lessor: State of New Mexico
Original Lessee: Yates Petroleum Corporation
Description of Lands: Township 6 South, Range 27 East, N.M.P.M.
Section 16: NE/4
Net Acres: 160.00
Royalty: 1/8
ORRI: None
Working Interest: Yates Petroleum Corporation 70%
Yates Drilling Company 10%
Myco Industries, Inc. 10%
Abo Petroleum Corporation 10%

.50

Tract 2: VA-2495
Date of Lease: July 1, 2001
Lease Term: Five Years
Lessor: State of New Mexico
Original Lessee: Yates Petroleum Corporation
Description of Lands: Township 6 South, Range 27 East, N.M.P.M.
Section 16: SE/4
Net Acres: 160.00
Royalty: 1/8
ORRI: None
Working Interest: Yates Petroleum Corporation 70%
Yates Drilling Company 10%
Myco Industries, Inc. 10%
Abo Petroleum Corporation 10%

1.00

MARTIN YATES, III
1912 - 1985
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TELEPHONE (505) 748-1471

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SECRETARY
DENNIS G. KINSEY
TREASURER

August 31, 2004

Attn: Mr. Pete Martinez
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Re: Biplane Federal State Unit
Township 6 South, Range 27 East, N.M.P.M.
Section 16 and other lands
Chaves County, New Mexico

Dear Pete:

Yates Petroleum Corporation as operator, requests that the participating area for the Biplane Unit #1 well be established on the E/2 of Section 16 of Township 6 South, Range 27 East, N.M.P.M. for both formations. We believe that this provides you all the information that you need to make a determination to establish the participating areas. If you have any questions please call me at (505) 748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

CEM:tv
Enclosure(s)

Cc: Attn: Armando Lopez
Bureau of Land Management
2909 W. Second St.
Roswell, NM 88201

RECEIVED

SEP 3 AM 8 12

STATE LAND OFFICE
SANTA FE, N.M.