

TRANSACTION REPORT

P. 01

JUN-19-2007 TUE 05:06 PM

FOR: YATES PETROLEUM LAND

15057484572

SEND

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
JUN-19	05:04 PM	915097827215	2'25"	5	FAX TX	OK	006	

TOTAL : 2M 25S PAGES: 5

# YATES PETROLEUM CORPORATION

## FACSIMILE TRANSMITTAL SHEET

TO: <u>John Cadigan</u>	FROM: <u>Lucky B.</u>
FAX NUMBER: <u>509-782-7215</u>	DATE: <u>6/19/07</u>
COMPANY:	TOTAL NO. OF PAGES INCLUDING COVER: <u>5</u>
PHONE NUMBER:	RE:

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

John  
Discussed with management your  
offer to sell this interest. They would  
buy you .260978% ownership for \$200.00

Lucky

105 SOUTH  
PHON

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 14060.....Exhibit No. 2

Submitted by:

YATES PETROLEUM INCORPORATED

Hearing Date: January 10, 2008

88210-2118

18-4572

JUN-19-2007 TUE 05:04 PM YATES PETROLEUM LAND

FAX NO. 15057484572

P. 01

# YATES PETROLEUM CORPORATION

## FACSIMILE TRANSMITTAL SHEET

TO: John Cadigan FROM: Lucky B.  
FAX NUMBER: 505-748-7215 DATE: 6/19/07  
COMPANY: \_\_\_\_\_ TOTAL NO. OF PAGES INCLUDING COVER: 5  
PHONE NUMBER: \_\_\_\_\_ RE: \_\_\_\_\_

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

### NOTES/COMMENTS:

John  
Discussed with management your  
offer to sell this interest. They would  
buy you .260978% ownership for \$200.<sup>00</sup>

Lucky —

Two Weeks For Me. Can You Please  
Pass Work

105 SOUTH FOURTH STREET • ARTESIA, NEW MEXICO 88210-2118  
PHONE: 505-748-\_\_\_\_\_ (DIRECT) • FAX: 505-748-4572

505643 001

# YATES PETROLEUM CORPORATION

## FACSIMILE TRANSMITTAL SHEET

TO: *John Cadigan* FROM: *Lucky Briggs*  
FAX NUMBER: *509-782-7215* DATE: *6/22*  
COMPANY: TOTAL NO. OF PAGES INCLUDING COVER: *1*  
PHONE NUMBER: RE: *offer to purchase*

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

*John,*  
*Have you decided on selling*  
*your interest. Would you call me*  
*at 505-748-4335.*

*Thanks*  
*Lucky*

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 EMERITUS

JOHN A. YATES  
CHAIRMAN OF THE BOARD

PEYTON YATES  
PRESIDENT

FRANK YATES, JR.  
EXECUTIVE VICE PRESIDENT

JOHN A. YATES, JR.  
SENIOR VICE PRESIDENT

June 26, 2007

To: Working Interest Owners  
Address List Attached

**CERTIFIED MAIL**

RETURN RECEIPT REQUESTED

- ✓ John Cadigan
- ✓ Campbell Investment Company
- ✓ Calto Oil Company
- ✓ Dansk Pipeline, L.P.
- ✓ Gruy LLC
- ✓ Thornton Operating Corporation
- ✓ Greg Vujovich
- ✓ Marley Livestock, Inc.
- ✓ Robert C. Marley Estate
- ✓ Laura Lea Marley, A Widow

RE: Value "BCV" State Com #2  
Township 8 South, Range 26 East, N.M.P.M.  
Section 2: 660' FNL & 1980' FEL  
Chaves County, New Mexico

Dear Working Interest Owners:

Yates Petroleum Corporation, as Operator, proposes Expenditure on the above captioned well to be an estimate for Environmental Permitting/Pit Closure. Enclosure AFE covering said operations.

If the AFE meets with your approval, please sign and return to this office at your earliest possible convenience.

If you have any questions, please do not hesitate to call.

Thank you.

Sincerely,

YATES PETROLEUM CORPORATION

*Lucky Briggs*  
W. "Lucky" Briggs  
Associate Landman

WLB/lb  
Enclosure(s)

ON DELIVERY		Date of Delivery 6.25.07		Address [Signature]	
Name		Postage \$		Certified Fee \$	
Return from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No		Postmark Here		Return Receipt for Merchandise C.O.D. <input type="checkbox"/> Yes <input type="checkbox"/> No	
Extra Fee		Total Postage & Fees \$		Sent To John D. Cadigan	
[Signature]		[Signature]		Drawer "P"	
[Signature]		[Signature]		Cadmire, WA 98815	
[Signature]		[Signature]		PS Form 3800 (July 2007)	
[Signature]		[Signature]		Domestic Return Receipt	
[Signature]		[Signature]		102555-02-M-1840	

U.S. Postal Service  
CERTIFIED MAIL™ RECEIPT  
(Domestic Mail Only, No Insurance Coverage Provided)  
For delivery information, visit our website at www.usps.com

OFFICIAL USE

Postage \$  
Certified Fee \$  
Return Receipt Fee (Endorsement Required)  
Restricted Delivery Fee (Endorsement Required)  
Total Postage & Fees \$

Sent To John D. Cadigan  
Drawer "P"  
Cadmire, WA 98815

PS Form 3800 (July 2007)

Domestic Return Receipt

102555-02-M-1840

RANDY G. PATTERSON  
VICE PRESIDENT

DAVID L. LANNI  
ASSISTANT VICE PRES

0829 694 0000 011E 5002

3 Form 3811, February 2004

JUN-22-2007 FRI 01:03 PM

## 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

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

*John D. Cadigan*☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

NOTE

M# DP

OK

048

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes

35S PAGES: 1

7005 3110 0000 4639 6380

*LB - Value*

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-44-1540

# YATES PETROLEUM CORPORATION

## FACSIMILE TRANSMITTAL SHEET

TO:

*John Cadigan*

FROM:

*Lucky Briggs*

FAX NUMBER:

*509-782-7215*

DATE:

*6/22*

COMPANY:

TOTAL NO. OF PAGES INCLUDING COVER:

PHONE NUMBER:

RE:

*offer to purchase*
☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

*John,*  
*Have you decided on selling*  
*your interest. Would you call me*  
*at 505-748-4335.*

*Renee*  
*Lucky*

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 EMERITUS

JOHN A. YATES  
CHAIRMAN OF THE BOARD

PEYTON YATES  
PRESIDENT

FRANK YATES, JR.  
EXECUTIVE VICE PRESIDENT

JOHN A. YATES, JR.  
SENIOR VICE PRESIDENT

July 9, 2007

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

John Cadigan  
Drawer "F"  
Cashmere, WA 98815

RE: Purchase of your interest in LG-1459 relating to:  
Township 8 South, Range 26 East, N.M.P.M.  
Section 2: E/2  
Chaves County, New Mexico

Dear Mr. Cadigan:

Per our telephone conversation, Yates Petroleum Corporation offers to purchase your interest in the State of New Mexico lease LG-1459 as captioned above. This will include all your interest in the E/2 spacing unit of Section 2. The purchase will be under the following terms:

1. Purchase price - \$300.00
2. Subject to approval of the title by Yates Petroleum Corporation.
3. This purchase offer expires ten (10) days from date of receipt.

If the above meets with your approval, please date and execute the Quit Claim Deed enclosed before a Notary Public. Return one (1) fully executed original to this office at the address listed above.

If you have any questions, please do not hesitate contacting me at 505-748-4335.

Thank you.

Sincerely,

YATES PETROLEUM CORPORATION

W. "Lucky" Briggs  
Associate Landman

WLB/lb  
Enclosure

# TRANSACTION REPORT

P.01

JUL-10-2007 TUE 08:29 AM

FOR: YATES PETROLEUM LAND

15057484572

SEND

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
JUL-10	08:28 AM	915097827215	1'17"	3	FAX TX	OK	222	

TOTAL : 1M 17S PAGES: 3

## YATES PETROLEUM CORPORATION

### FACSIMILE TRANSMITTAL SHEET

TO: <i>John Cadigan</i>	FROM: <i>Lucky Briggs</i>
FAX NUMBER: <i>509-782-7215</i>	DATE: <i>7/10/2007</i>
COMPANY:	TOTAL NO. OF PAGES INCLUDING COVER: <i>3</i>
PHONE NUMBER:	RE: <i>Quit Claim Deed</i>

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

#### NOTES/COMMENTS:

John,  
Attached is the Quit Claim Deed discussed earlier. I am sending you the original through the mail. If everything looks OK - sign and fax back and I'll start title work. I will still need the original to finalize. Thanks,  
*Lucky*

105 SOUTH FOURTH STREET • ARTESIA, NEW MEXICO 88210-2118  
PHONE: 505-748- (DIRECT) • FAX: 505-748-4572

*505-748-4335*  
*505-748-4572*

# YATES PETROLEUM CORPORATION

## FACSIMILE TRANSMITTAL SHEET

TO: John Cadigan

FROM:

Lucky Briggs

FAX NUMBER:

505-748-7215

DATE:

7/10/2007

COMPANY:

TOTAL NO. OF PAGES INCLUDING COVER:

3

PHONE NUMBER:

RE:

Quit Claim Deed

☐ URGENT

☐ FOR REVIEW

☐ PLEASE COMMENT

☐ PLEASE REPLY

☐ PLEASE RECYCLE

NOTES/COMMENTS:

John,  
Attached is the Quit Claim Deed discussed  
earlier. I am sending you the original  
through the mail. If everything looks  
OK - sign and fax back and I'll  
start title work. I will still need  
the original to finalize. Thanks,  
Lucky

505-  
748-4335

105 SOUTH FOURTH STREET • ARTESIA, NEW MEXICO 88210-2118

PHONE: 505-748- (DIRECT) • FAX: 505-748-4572

FAX 505-  
748-4572



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 EMERITUS  
JOHN A. YATES  
CHAIRMAN OF THE BOARD  
PEYTON YATES  
PRESIDENT  
FRANK YATES, JR.  
EXECUTIVE VICE PRESIDENT  
JOHN A. YATES, JR.  
SENIOR VICE PRESIDENT

August 27, 2007

**CERTIFIED MAIL**  
RETURN RECEIPT REQUESTED

John Cadigan  
Drawer "F"  
Cashmere, WA 98815

RE: Value "BCV" State Com #2  
Township 8 South, Range 26 East, N.M.P.M.  
Section 2: 660' FNL & 1980' FEL  
Chaves County, New Mexico

Dear Mr. Cadigan:

This is our second and final offer for you to participate in the above captioned well.  
Enclosed please find, in duplicate, our AFE covering said operations.

If the AFE meets with your approval, please sign and return one (1) fully executed original  
to this office within 10 days of the above date.

If you have any questions, please do not hesitate contacting me at 505-748-4335.

Thank you.

Sincerely,

YATES PETROLEUM

*Luck*  
W. "Lucky" Br  
Associate Lar

WLB/ms  
Enclosure(s)

**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:

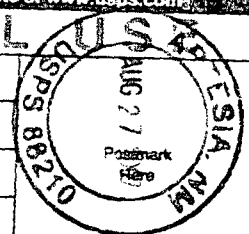
John Cadigan  
Drawer F  
Cashmere, WA 98815

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL**

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.38



Sent To  
**John Cadigan**  
Street, Apt. No., or PO Box No. **Drawer F**  
City, State, ZIP+4 **Cashmere, WA 98815**

PS Form 3800, June 2002

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7005 3110 0000 4638 5353

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-1A-15-2

RANDY G. PATTERSON  
VICE PRESIDENT

DAVID L. LANNING  
ASSISTANT VICE PRESIDENT

DENNIS G. KINSEY  
TREASURER

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986



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

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JOHN A. YATES  
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PEYTON YATES  
PRESIDENT

FRANK YATES, JR.  
EXECUTIVE VICE PRESIDENT

JOHN A. YATES, JR.  
SENIOR VICE PRESIDENT

August 28, 2007

**CERTIFIED MAIL**  
RETURN RECEIPT REQUESTED

John Cadigan  
Drawer "F"  
Cashmere, WA 98815

RE: Value "BCV" State Com #2  
Township 8 South, Range 26 East, N.M.P.M.  
Section 2: 660' FNL & 1980' FEL  
Chaves County, New Mexico

Dear Mr. Cadigan:

With my letter of August 27, 2007 which invited you to participate in the above captioned well I should have included an operating agreement and a Limited Joinder to the Operating Agreement. Should you decide to participate in the above captioned well, you will need to execute the Limited Joinder and return.

If you elect to participate, please execute one (1) copy of the Limited Joinder and return to this office within 10 days of the above date.

If you have any questions, please do not hesitate contacting me at 505-748-4335.

Thank you

Sincerely,

YATES PETROLEUM CORPORATION

*Lucky Briggs*  
W. "Lucky" Briggs  
Associate Landman

WLB/m  
Enclos

SENDER: COMPLETE THIS SECTION	
<input type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.	
<input type="checkbox"/> Print your name and address on the reverse so that we can return the card to you.	
<input type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.	
1. Article Addressed to:	
John Cardigan Drawer F Cashmere, WA 98815	
3. \$ 7.30	
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

U.S. Postal Service <sup>TM</sup>	
CERTIFIED MAIL <sup>TM</sup> RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.30
Postmark AUG 30 2007 PS 88210	
John Cardigan Drawer F Cashmere, WA 98815	

7005 3110 0000 4638 5452

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

**LIMITED JOINDER OF THE VALUE BCV STATE COM #1  
OPERATING AGREEMENT**

Whereas, Yates Petroleum Corporation as operator and Yates Drilling Company, Myco Industries, Inc., Abo Petroleum Corporation, Campbell Investment Company, Calto Oil Company, Dansk Pipeline, L.P., Gruy LLC, Thornton Operating Corporation, Marley Livestock, Inc., Robert C. Marley Estate and Lauralea Marley as non-operators have executed a certain operating agreement dated February 19, 2004 which covers the following described lands in Chaves County, New Mexico (hereinafter OA):

Township 8 South, Range 26 East, NMPM  
Section 2: Lots 1, 2 (N/2NE/4), SE/4NE/4, SE/4, SW/4NE/4 a/k/a E/2.

Whereas, John D. Cadigan, the Estate of Linda Cadigan and Greg Vujovich have not executed the above captioned OA.

Whereas, the parties to the OA plan to drill the Value BCV State Com #2 (Value #2) in the E/2 of Section 2, Township 8 South, Range 26 East, N.M.P.M. at a footage location of 660' FNL & 1980' FEL.

Whereas, the undersigned desire to execute this ratification for the limited purpose of drilling and producing the Value #2.

Now therefore, for adequate consideration, the undersigned hereby ratify, adopt and confirm the OA for the purpose of participating in the drilling of the Value #2 and not for the purpose of any other drilling operations on the contract lands under the OA. To the extent that there is any conflict in the terms of the Limited Joinder and the Operating Agreement, the terms of this Limited Joinder shall prevail.

The ownership of the interests in the Value #2 shall be as set forth in the attached Exhibit A and parties shall pay and bear their proportionate share of all risk, costs and expense incurred in connection therewith.

This Limited Joinder shall be effective August 28, 2007 for the term of 180 days from the date hereof, and for so long thereafter as oil and gas are produced in paying quantities from said Value #2 therewith or the well is classified as a shut-in-well.

This Limited Joinder may be executed in multiple counterparts, with each copy to be considered an original.

This ratification is signed by the owners, this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

John D. Cadigan.

Estate of Linda Cadigan

By: \_\_\_\_\_

By: \_\_\_\_\_

Greg Vujovich

By: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of 2007 by  
\_\_\_\_\_ John D. Cadigan.

My commission expires: \_\_\_\_\_  
\_\_\_\_\_ Notary Public

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of 2007 by  
\_\_\_\_\_ representing the Estate of Linda Cadigan.

My commission expires: \_\_\_\_\_  
\_\_\_\_\_ Notary Public

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of 2007 by  
\_\_\_\_\_ Greg Vujovich.

My commission expires: \_\_\_\_\_  
\_\_\_\_\_ Notary Public

**EXHIBIT "A"**  
**Limited Joinder of the Value BCV State Com #1**  
**Operating Agreement**

<u>Parties</u>	<u>Interest of Parties</u>
Yates Petroleum Corporation	61.246990%
Yates Drilling Company	8.749570%
Myco Industries, Inc.	8.749570%
Abo Petroleum Corporation	8.749570%
Campbell Investment Company	4.958590%
Calto Oil Company	3.257467%
Dansk Pipeline, L.P.	2.068778%
Gruy LLC	1.085823%
Thornton Operating Corporation	.457188%
Marley Livestock, Inc.	.104203%
Robert C. Marley Estate	.104203%
Lauralea Marley	.104203%
John D. Cadigan	.260978%
Greg Vujovich	<u>.102867%</u>
	100.000000%