

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 27, 2007

OXY USA WTP Limited Partnership
Attn: David Evans
6 Desta Drive, Suite 600
PO Box 50250
Midland, TX 79705

Certified Mail

Return Receipt Requested

RE: NMNM 90
Lea County, New Mexico

Gentlemen:

Please find enclosed an Operating Agreement and three (3) AFEs proposing Bone Spring tests on the captioned lease. If you desire to participate please execute and return each AFE and a signature page to the Operating Agreement. This lease is very marginally held by the Grace Fed. #1 well located in the NE4 of Section 20 and is in jeopardy of being terminated.

If you do not desire to participate in these proposed wells, Yates would accept a three-year term assignment, 80% nri leasehold and will pay a consideration equal to \$350.00 per net mineral acre owned covering the entire lease.

The priority of drilling will be:

1. Amazing BAZ Fed #6
2. Amazing BAZ Fed #5
3. Amazing BAZ Fed #3

Please call me at 505-748-4351 if you would like to visit.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)

RANDY G. PATTERSON
VICE PRESIDENT

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14058.... Exhibit No. 3
Submitted by:
YATES PETROLEUM INCORPORATED
Hearing Date: January 10, 2008

DENNIS G. KINSEY
TREASURER

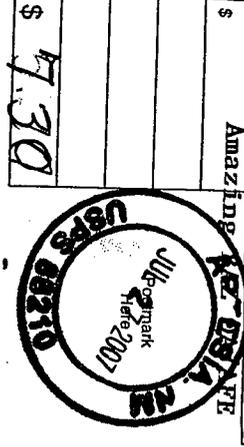
**US Postal Service™
CERTIFIED MAIL™ RECEIPT
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For delivery information visit our website at www.usps.com

OFFICIAL USE

7005 3110 0000 4638 5674

Postage \$ Amazing
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 7.30



Sent To: **OXY USA WTP Limited Partnership**
Street, Apt. No.: **Attn: David Evans**
or PO Box No. **6 Desta Drive, Suite 600**
City, State, ZIP+4: **PO Box 50250 Midland TX 79705**
PS Form 3800, June 2002 See Reverse for Instructions

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:

**OXY USA WTP Limited Partnership
Attn: David Evans
6 Desta Drive, Suite 600
PO Box 50250
Midland TX 79705**

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 B. Received by (Printed Name) Addressee
 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

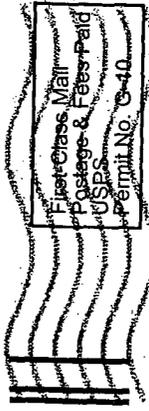
2. 7005 3110 0000 4638 5674 **Amazing BAZ OA/AFE**
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Certified Mail Provides:

- A mailing receipt
 - A unique identifier for your mailpiece
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- Important Reminders:**
- Certified Mail may ONLY be combined with First-Class Mail® or Priority Mail®.
 - Certified Mail may ONLY be combined with international mail.
 - NO INSURANCE COVERAGE IS PROVIDED with Certified Mail. For valuables, please consider Insured or Registered Mail.
 - For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpieces with "Return Receipt Requested". To receive a fee waiver for duplicate return receipts, a USPS® postmark on your Certified Mail receipt is required.
 - For an international delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
 - If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.
 Internet access to delivery information is not available on mail addressed to APOs and FPOs.

UNITED STATES POSTAL SERVICE



ODESSA TX 79711
 02 AUG 2007 PM

• Sender: Please print your name, address, and ZIP+4 in this box •
 ROB BULLOCK

**YATES PETROLEUM CORP.
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 88210**

Rob Bullock

From: David_Evans@oxy.com
Sent: Monday, September 10, 2007 7:24 AM
To: Rob Bullock
Subject: RE:

Rob, we are meeting today at 10. We won't delay you just need to know if were under a JOA or not. David

-----Original Message-----

From: Rob Bullock [mailto:rob@YPCNM.COM]
Sent: Thursday, September 06, 2007 11:16 AM
To: Evans, David (Midland, Texas)
Subject: RE:

The other working interest owners are responding to our Bone Spring drilling proposal in 22S,32E and I have a title opinion on the way. Do you have a feel yet for what your mgt. is going to do. We're hoping you don't delay us. Thanks, Robert Bullock

-----Original Message-----

From: David_Evans@oxy.com [mailto:David_Evans@oxy.com]
Sent: Monday, August 13, 2007 9:20 AM
To: Rob Bullock
Subject:

<<00510471.TIF>>

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, JR.
SENIOR VICE PRESIDENT

July 27, 2007

Texas Independent Exploration Inc
Attn: Dave Walters
1600 Smith, Suite 3800
Houston, TX 77002

Certified Mail

Return Receipt Requested

RE: NMNM 90
Lea County, New Mexico

Gentlemen:

Please find enclosed an Operating Agreement and three (3) AFEs proposing Bone Spring tests on the captioned lease. If you desire to participate please execute and return each AFE and a signature page to the Operating Agreement. This lease is very marginally held by the Grace Fed. #1 well located in the NE4 of Section 20 and is in jeopardy of being terminated.

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The priority of drilling will be:

1. Amazing BAZ Fed #6
2. Amazing BAZ Fed #5
3. Amazing BAZ Fed #3

Please call me at 505-748-4351 if you would like to visit.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)

7005 3110 0000 4638 5650

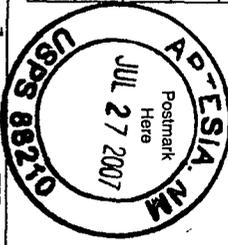
U.S. Postal Service™
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OFFICIAL USE

Amazing OA & AFE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.30



Sent To: **Texas Independent Exploration INC**

Street Apt. No. **Attn: Dave Walters**
or PO Box No. **1600 Smith, Suite 3800**
City, State, Zip **Houston TX 77002**

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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1. Article Addressed to:

Texas Independent Exploration Inc
Attn: Dave Walters
1600 Smith, Suite 3800
Houston TX 77002

COMPLETE THIS SECTION ON DELIVERY

A. Signature X *[Signature]* Agent

B. Received by (Printed Name) *C. McLean* Addressee

C. Date of Delivery *7/27/07*

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

7005 3110 0000 4638 5650 **Amazing OA & AFE**

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Certified Mail Provides:

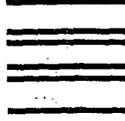
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- For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt services, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
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UNITED STATES POSTAL SERVICE

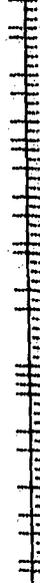


First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

ROB BULLOCK

• Sender: Please print your name, address, and ZIP+4 in this box •

**YATES PETROLEUM CORP.
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210**



MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



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PRESIDENT

FRANK YATES, JR.
EXECUTIVE VICE PRESIDENT

JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

August 29, 2007

Texas Independent Exploration Inc.
Attn: Chessa McKay
1600 Smith, Suite 3800
Houston, TX 77002

Certified Mail

Return Receipt Requested

RE: NMNM 90
Lea County, New Mexico

Gentlemen:

Enclosed are the three (3) AFEs (listed below) regarding the captioned. We apologize for failing to include them in your package by certified mail dated July 27, 2007.

1. Amazing BAZ Fed #6
2. Amazing BAZ Fed #5
3. Amazing BAZ Fed #3

Please call Rob Bullock at 505-748-4351 if you have any questions.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

A handwritten signature in cursive script that reads 'Barbara Nelson'.

Barbara Nelson
Land Assistant

:bn
enclosure(s)

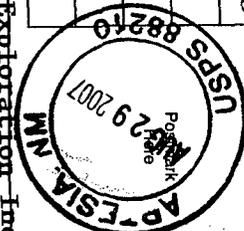
**U.S. Postal Service™
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OFFICIAL USE

Amazing APFS (3)

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.94



Sent To: Texas Independent Exploration Inc
 Street, Apt. No.: ATTN: Chessa McKay
 or PO Box No.: 1600 Smith, Suite 3800
 City, State, ZIP+4: Houston TX 77002

PS Form 3800, June 2002 See Reverse for Instructions

7005 3110 0000 4638 5377

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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

TEXAS INDEPENDENT EXPLORATION INC
ATTN: CHESSA MCKAY
1600 SMITH, SUITE 3800
HOUSTON TX 77002

COMPLETE THIS SECTION ON DELIVERY

A. Signature Chessa McKay Agent

B. Received by (Printed Name) Chessa McKay Addresssee

C. Date of Delivery 2/29/07

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

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

4. Restricted Delivery? (Extra Fee) Yes

7005 3110 0000 4638 5377 **AMAZING APFS (3)**

Certified Mail Provides: **ROB BULLOCK** (PS Form 3811) 2002 eumr 0088 uncl Sd

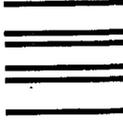
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UNITED STATES POSTAL SERVICE

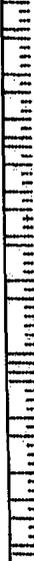


First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

ROB BULLOCK

• Sender: Please print your name, address, and ZIP+4 in this box •

**YATES PETROLEUM CORP.
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210**



TELEPHONE LOG WITH TEXAS INDEPENDENT

- 1) 8-28-07 – Was advised that David R. Waters no longer worked there and that Toni Sharretts would be the contact person in the land department; I spoke with Toni and she advised our JOA and AFEs could not be found. I E-mailed the entire package to her on 8-28-07.

- 2) 11-26-07 – I returned a phone call to Ed Suhr and advised him that the priority of the wells had changed and that we would be drilling the #3 location (SE4SE4 of Section 30) first because of drainage issues –I- also advised that we would be getting on the docket in early January for a compulsory pooling – I solicited their participation or term assignment.

Robert Bullock
1-4-08

Rob Bullock

From: Toni Sharretts [tsharretts@texasindependent.com]
Sent: Tuesday, August 28, 2007 9:33 AM
To: Exploration Team
Cc: Rob Bullock
Subject: [NEWSENDER] - Yates Grace Federal Area development - Message is from an unknown sender

Robert Bullock with Yates called for the status of an OA and three bone springs (8500+/-) AFEs he sent to TIE. Chessa signed for them on 8.8.7. It covers Sections 19, 21, 28, 29 and 30, 22S-32E in Federal Lease NM-90. This is a marginal lease so we need something done on it before we lose it. It is held by the HBP Grace Federal #1. This lease is communized with another lease.

TIE does not have to agree to all three AFEs as they are going to drill and determine if further development is prudent for the next.

Who has this package?

Toni L. Sharretts, Corporate Counsel
Texas Independent Exploration Limited
1600 Smith, Suite 3800
Houston, Texas 77002
(713) 751-0419 Ext. 219
(713) 759-0234 - Facsimile
tsharretts@texasindependent.com

8/29/2007

Rob Bullock

From: Toni Sharretts [tsharretts@texasindependent.com]
Sent: Wednesday, August 29, 2007 12:25 PM
To: Rob Bullock
Subject: RE: [NEWSENDER] - Yates Grace Federal Area development - Message is from an unknown sender

Thanks. I'll review now.

Toni L. Sharretts, Corporate Counsel
Texas Independent Exploration Limited
1600 Smith, Suite 3800
Houston, Texas 77002
(713) 751-0419 Ext. 219
(713) 759-0234 - Facsimile
tsharretts@texasindependent.com

From: Rob Bullock [mailto:rob@YPCNM.COM]
Sent: Wednesday, August 29, 2007 2:10 PM
To: Toni Sharretts
Subject: RE: [NEWSENDER] - Yates Grace Federal Area development - Message is from an unknown sender

-----Original Message-----

From: Toni Sharretts [mailto:tsharretts@texasindependent.com]
Sent: Wednesday, August 29, 2007 9:43 AM
To: Rob Bullock
Cc: Exploration Team
Subject: [NEWSENDER] - Yates Grace Federal Area development - Message is from an unknown sender

Mr. Bullock,

Chessa advised she gave the package she signed for from you to John Cape. He advised that document was not the O/A or AFEs. We'd like to review the data immediately. Can you send it again directly to my attention? Thanks!

Toni L. Sharretts, Corporate Counsel
Texas Independent Exploration Limited
1600 Smith, Suite 3800
Houston, Texas 77002
(713) 751-0419 Ext. 219
(713) 759-0234 - Facsimile
tsharretts@texasindependent.com

From: Toni Sharretts
Sent: Tuesday, August 28, 2007 11:33 AM
To: Exploration Team

8/29/2007

Cc: rob@ypcnm.com

Subject: Yates Grace Federal Area development

Robert Bullock with Yates called for the status of an OA and three bone springs (8500+/-) AFEs he sent to TIE. Chessa signed for them on 8.8.7. It covers Sections 19, 21, 28, 29 and 30, 22S-32E in Federal Lease NM-90. This is a marginal lease so we need something done on it before we lose it. It is held by the HBP Grace Federal #1. This lease is communized with another lease.

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Houston, Texas 77002
(713) 751-0419 Ext. 219
(713) 759-0234 - Facsimile
tsharretts@texasindependent.com

8/29/2007

Tony – do you have a feel yet for what your mgt. wants to do on our Bone Spring drilling proposal? Robert Bullock

TEXAS INDEPENDENT

9-6-07