MARTIN YATES, III

FRANK W. YATES 1936-1986

> S.P. YATES 1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

JOHN A. YATES CHAIRIMAN OF THE BOARD

JOHN A. YATES JR.

SCOTT M. YATES

JAMES S. BROWN CHIEF OPERATING OFFICER

JOHN D. PERINI CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA CHIEF ADMINISTRATIVE OFFICER

December 10, 2010

Certified Mail / Return Receipt

Dear Working Interest Owner Address List Attached

Re:

Dagger Draw 30SE Fed. Com. #11 (Formerly NDDUP #131)

660' FSL & 1,980' FEL in 30-T19S-R25E

Eddy County, New Mexico

Ladies and Gentlemen:

Yates Petroleum Corporation has previously proposed this work to the owners of the SE/4 Sec. 30-T19S-R25E, N.M.P.M., under the applicable operating agreement(s). Upon further review and prior to doing the work, we determined that if the work is successful in establishing production, we will most likely make a gas well that will require a spacing unit of 320 acres. Therefore, at this time we are proposing a south half spacing unit be formed in Sec. 30 to govern future operations for the wells that are removed from the North Dagger Draw Upper Penn Unit and re-completed in non-unitized zones from the surface to the base of the cisco. The ownership percentages are derived from your respective ownership in the SE/4 and SW/4 of the Section 30. This new operating agreement will supersede the existing operating agreements governing the respective quarter sections.

Lenclose for your execution two copies of the Authority for Expenditure and one copy of a 1989 A.A.P.L. model form operating agreement with a second set of signature pages for your review. Yates Petroleum Corporation proposes the workover of the captioned well pursuant to the prognosis on the enclosed AFE. We ask that you sign and return the signature pages to the joint operating agreement and AFE as soon as possible so that we commence the work as soon as possible.

If you have any questions, please give me a call at 575-748-4349 or email me at cmoran@yatespetroleum.com

Very truly yours,

YATES PETROLEUM COPORATION

Chuck Moran

Chief Landman

Enclosure

Yates Petroleum Corporation Case No. **1459**7 Exhibit 2

Address List Dagger Draw 30SE #11 AFE # 10-328-0

Yates Petroleum Corporation 105 South 4th Street Artesia, NM 88210 P: 575.748.1471 F: 575.748.4572

Sacramento Partners Limited Partnership 105 South 4th Street Artesia, NM 88210 P: 575.748.1471 F: 575.748.4572

Nearburg Exploration Company, L.L.C. 3300 North "A" Street Building 2, Suite 120 Midland, TX 79705-5421 P: 432.686.8235 F: 432.686.7806

Spiral, Inc. P. O Box 1933 Roswell, NM 88201-1933 P: 575.623.6601 F: 575.627.2439

Hanson-McBride Petroluem Co., a New Mexico Limited Partnership P. O. Box 1515 Roswell, NM 88202-1515 P: 575.622.7330 F: 575.622.7331

Kenneth G. Cone, Trustee of the Trusts created under the Will and Codicil of Kathleen Cone, dec. f/b/o children of Kenneth G. Cone P. O. Box 11310 Midland, TX 79702 P: 432.687.4593 F:

Kenneth G. Cone P. O. Box 11310 Midland, TX 79702 P: 432.687.4593 F: Tom R. Cone P. O Box 400 Soutwest City, MO 64863 P: 918.854.3170 F:

Randy Lee Cone P. O. Box 552 Jay, OK 74346 P: 907.770.2664

Bank of Oklahoma, N.A., Successor Trustee of the Trust Created under the Will and Codicil of Kathleen Cone, dec., f/b/o children of Tom R. Cone P. O. Box 1588 Tulsa, OK 74101-1588 P: 918.588.6229 F: 918.624.5257

Auvenshines's Children's Testamentary Trust, Cathie Cone McCown, Trustee P. O. Box 507 Dripping Spring, TX 78620 P: 512.858.1641 F:

Cathie Cone McCown P. O. Box 658 Dripping Spring, TX 78620 P: 512.858.1641 F:

Marks Oil, Inc. 1775 Sherman St., Suite 2990 Denver, CO 80203 P: 303.861.7974 F: 303.863.0616

tible N. Cone, Buccessor Trustee J. Box 1588 Isa, OK 74101-1588 Isa, OK 74101-1588 Isa, OK 74101-1588		I lanson-McBride Petroleum Co. 1 New Mexico Limited Partnership O Box 1515 Grade Partnership 3 Servic Grade Partnership 3 Servic Grade Partnership 4 Restring Partnership Article Numbe (Transfer from, 7008 1.630 0000 4.222) 3 Form 3811, February 2004 Domestic Return Recept	Article Addressed to:	Randy Lee Cone P.O. Box 231034 Anchorage, AK 99523-1034 Anchorage, AK 9	Ancient 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 malipiece; or on the front if space permits.
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Kenneth G. Cone, Trustee of the Trusts Created Under the Will and Codicil of Kathleen Cone, Deceased /B/o the Children of Kenneth G. Cone P. O. Box 11310 Midland, TX 79702 2. Articlet 7008 1830 0000 4223	SENDER: COMPLETENTHIS 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 hits card to the back of the matiplece, or on the front if space permits.	Nearburg Exploration Company, LLC 3300 North "A" Street Building 2, Suite 120 Midland, TX 79705-5421 2. Adicia Number (Tra 7008 1630 0000 4222 PS Form 3811, February 2004 Comestic Re	■ Complete items 1, 2, and 3, Also complete items 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 malipiece, or on the front if space permits.	Kenneth G. Cone P.O. Box 11310 Midland, TX 79702 2. **********************************	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 read to you. Attach this card to the back of the maliplece, or on the front if space permits. 1. Anicle Addressed to:
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Tom R. Cone P.O. Box 400 Southwest City, MO 64863	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 was can return the card to you. Attach this card to the back of the matipiece, or on the front if space permits.	Marks Oil Inc. 1775 Sperman St., Ste. 2990 Denver, CO 80203- Denve	SSINDER 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 malipiece, or on the front if space permits.	Cathie Cone McCown P.O. Box 658 Dripping Spring, TX 78620-0568 2. Anticle: 7008 1830 0000 4223 (Transk 7008 1830 0000 4223 PS Form 3811, February 2004 Domestic Returns 1811 1811 1811 1811 1811 1811 1811 18	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. Affach this card to the back of the malipiece, or the front if space permits.
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UNITED STATES POSTAL SERVICE

Vates Petroleum Corporation

105 South Fourth Street

Artesia, NM 88210

Attention: Chuck Moran

UNITED STATES POSTAL SERVICE

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

In this box •

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

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Yates Petroleum Corporation
105 South Fourth Street

Artesia, NM 88210

Artesia, NM 88210

Yates Petroleum Corporation 105 South Fourth Street

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Attention: Chuck Moran

105 South Fourth Street Artesia, NM 88210

Yates Petroleum Corporation

UNITED STATES POSTAL SERVICE

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

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Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210

Attention: Chuck Moran

UNITED STATES POSTAT SERVICE L.D. 440 C.S.A.

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

Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210

Attention: Chuck Moran

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