

MARTIN YATES, III

1912-1985

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
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
PRESIDENT

SCOTT M. YATES
VICE PRESIDENT

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.

I enclose 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 CORPORATION


Chuck Moran
Chief Landman

Yates Petroleum Corporation
Case No. 14597
Exhibit 2

Enclosure

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

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 Petroleum 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
Southwest City, MO 64863
P: 918.854.3170
F:

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

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

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.

Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
B. Received by (Printed Name) ☐ Address
C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

Randy Lee Cone
P.O. Box 231034
Anchorage, AK 99523-1034

3. Service Type ☐ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number 7008 1630 0000 4223 4610
Transfer From PS Form 3811, February 2004 Domestic Return Receipt 10259-02-M-1540

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.

Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
B. Received by (Printed Name) ☐ Address
C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

Janison-McBride Petroleum Co.,
1 New Mexico Limited Partnership
P.O. Box 1515
Roswell, NM 88202-1515

3. Service Type ☐ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number 7008 1630 0000 4222 6605
Transfer From PS Form 3811, February 2004 Domestic Return Receipt 10259-02-M-1540

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.

Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
B. Received by (Printed Name) ☐ Address
C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

OK of Oklahoma, N.A., Successor Trustee
The Trust Created Under the Will and Codicil of
Tom R. Cone, Deceased (Rto the Children
Tom R. Cone, Successor Trustee
P.O. Box 1588
Ada, OK 74101-1588

3. Service Type ☐ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number 7008 1630 0000 4223 4610
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Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
B. Received by (Printed Name) ☐ Address
C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

Kenneth G. Cone
P.O. Box 11310
Midland, TX 79702

3. Service Type ☐ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number 7008 1630 0000 4222 6629
Transfer From PS Form 3811, February 2004 Domestic Return Receipt 10259-02-M-1540

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.

Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
B. Received by (Printed Name) ☐ Address
C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

Nearburg Exploration Company, LLC
3300 North "A" Street
Building 2, Suite 120
Midland, TX 79705-5421

3. Service Type ☐ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number 7008 1630 0000 4222 6612
Transfer From PS Form 3811, February 2004 Domestic Return Receipt 10259-02-M-1540

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.

Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
B. Received by (Printed Name) ☐ Address
C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

Kenneth G. Cone, Trustee of the Trusts
Created Under the Will and Codicil of Kathleen
G. Cone, Deceased (Rto the Children of Kenneth
G. Cone
P.O. Box 11310
Midland, TX 79702

3. Service Type ☐ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number 7008 1630 0000 4223 4617
Transfer From PS Form 3811, February 2004 Domestic Return Receipt 10259-02-M-1540

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.

Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
B. Received by (Printed Name) ☐ Address
C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

Cathie Cone McCown
P.O. Box 658
Dripping Spring, TX 78620-0568

3. Service Type ☐ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number 7008 1630 0000 4223 4631
Transfer From PS Form 3811, February 2004 Domestic Return Receipt 10259-02-M-1540

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.

Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
B. Received by (Printed Name) ☐ Address
C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

Marks Oil Inc.
1775 Sherman St. Ste 2990
Denver, CO 80203

3. Service Type ☐ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number 7008 1630 0000 4222 6643
Transfer From PS Form 3811, February 2004 Domestic Return Receipt 10259-02-M-1540

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.

Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
B. Received by (Printed Name) ☐ Address
C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

Tom R. Cone
P.O. Box 400
Southwest City, MO 64863

3. Service Type ☐ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

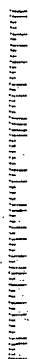
Article Number 7008 1630 0000 4223 4631
Transfer From PS Form 3811, February 2004 Domestic Return Receipt 10259-02-M-1540

UNITED STATES POSTAL SERVICE

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

• 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



UNITED STATES POSTAL SERVICE

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

• 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

UNITED STATES POSTAL SERVICE

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

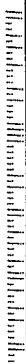
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
Attention: Chuck Moran

UNITED STATES POSTAL SERVICE
RIO GRANDE DISTRICT
27 DEC 2010 PM 11

First-Class Mail
Postage & Fees Paid
USPS
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Yates Petroleum Corporation
105 South Fourth Street
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UNITED STATES POSTAL SERVICE
RIO GRANDE DISTRICT
13 DEC 2010 PM 11

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Yates Petroleum Corporation
105 South Fourth Street
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Attention: Chuck Moran

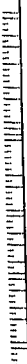
22

UNITED STATES POSTAL SERVICE
RIO GRANDE DISTRICT
27 DEC 2010 PM 11

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Artesia, NM 88210
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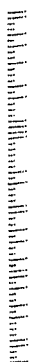


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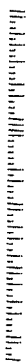


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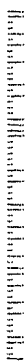


UNITED STATES POSTAL SERVICE
RIO GRANDE DISTRICT
13 DEC 2010 PM 11

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USPS
Permit No. G-10

• 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



SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Article Addressed to:</p> <p>Spiral, Inc. P.O. Box 1933 Roswell, NM 88201-1933</p>		<p>A. Signature <i>[Signature]</i></p> <p>B. Received by (Printed Name) <i>[Signature]</i></p> <p>C. Date of Delivery <i>12/15/10</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>	
<p>2. Article Number 7006 1630 0000 4222 6562</p> <p>PS Form 3811, February 2004</p>		<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D. <input type="checkbox"/> Restricted Delivery (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Article Addressed to:</p> <p>Auvershine's Children's Testamentary Trust, Cattle McCown, Trustee P.O. Box 507 Dripping Spring, TX 78620</p>		<p>A. Signature <i>[Signature]</i></p> <p>B. Received by (Printed Name) <i>B. McCown</i></p> <p>C. Date of Delivery <i>12/15/10</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>	
<p>2. Article Number 7006 1630 0000 4223 4624</p> <p>PS Form 3811, February 2004</p>		<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D. <input type="checkbox"/> Restricted Delivery (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

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