

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 OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

May 22, 2001

CERTIFIED RETURN RECEIPT

Ms. Roxy Burkfield
C/O Robert C. Armijo
Civerolo, Gralow & Hill PA
P.O. Box 877
Albuquerque, New Mexico 87103-0887

Mr. Bryan Solsbery
Mr. Dean Solsbery Jr.
C/O Lynn Slade
Modrall, Sperling, Roehl, Harris & Sisk P.A.
Bank of America Centre, Suite 1000
Albuquerque, New Mexico 87103-2165

Re: Township 8 South, Range 26 East, NMPM
Section 3: NE/4
Chaves County, New Mexico

Ladies and Gentlemen:

Enclosed please find the AFE for the Coronet TI #3 as referred to in our May 18, 2001 letter in which we proposed the drilling of this well. If you should have any questions please feel free to call me at (505) 748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

CEM:dr
Enclosure

New Mexico Oil Conservation Division
YATES PETROLEUM CORP.
Case No. 12683 - 07/12/01
Examiner Catanach or Brooks
EXHIBIT NO. 8

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

7000 1530 0000 1628 0795

OFFICIAL USE

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

Mr. Bryan Solsbery
 Sent To: Mr. Dean Solsbery Jr.
 C/O Lynn Slade
 Street, Apt. No., or PO Box No.: Harris & Sisk PA
 Bank of America Centre, Suite 1000
 City, State, ZIP+4: Albuquerque, NM 87103 2165

PS Form 3800, May 2000 See Reverse for Instructions

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

7000 1530 0000 1627 7948

OFFICIAL USE

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

Roxy Burkfield
 Sent To: Robert C. Armijo
 Civerolo, Gralow & Hill PA
 Street, Apt. No., or PO Box No.: PO Box 877
 Albuquerque, NM 87103-0887
 City, State, ZIP+4:

PS Form 3800, May 2000 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, 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:

Roxy Burkfield
 C/O Robert C. Armijo
 Civerolo, Gralow & Hill PA
 PO Box 877
 Albuquerque, NM 87103 0887

COMPLETE THIS SECTION ON DELIVERY

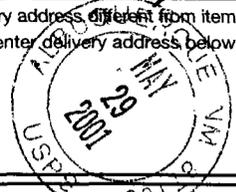
A. Received by (Please Print Name) B. Date of Delivery

FRANK LAYNE 05/29/01

C. Signature

X Frank Layne Agent Addressee

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

2. Article Number (Copy from service label)

7000 1530 0000 1627 7948

CORONET T1 #3

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, 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:

Roxy Burkfield
 C/O Robert C. Armijo
 Civerolo, Gralow & Hill PA
 P.O. Box 877
 Albuquerque, NM 87103 0887

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Name) B. Date of Delivery

Roxy Burkfield 05/22/01

C. Signature

X [Signature] Agent Addressee

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

2. Article Number (Copy from service label)

7000 1530 0000 1627 7900

BURKFIELD, SOLSBERY

- PERCENTAGE CORONET

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, 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:

Mr. Bryan Solsbery
 Mr. Dean Solsbery Jr.
 C/O Lynn Slade
 Modrall, Sperling, Roehl, Harris & Sisk PA
 Bank of America Centre, Suite 1000
 Albuquerque, NM 87103 2165

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Name) B. Date of Delivery

Juan M Alvarado 5-25-01

C. Signature

X Juan M Alvarado Agent Addressee

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

2. Article Number (Copy from service label)

7000 1530 0000 1628 0285

CORONET T1 #3

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO. 01-033-0
AFE DATE 1/11/01
AFEND (rev 6/98)

| | | |
|--|---|---|
| AFE Type: | Well Objective: | Well Type: |
| <input checked="" type="checkbox"/> New Drilling | <input type="checkbox"/> Oil | <input checked="" type="checkbox"/> Development |
| <input type="checkbox"/> Recompletion | <input checked="" type="checkbox"/> Gas | <input type="checkbox"/> Exploratory |
| <input type="checkbox"/> Re-entry | <input type="checkbox"/> Injector | |

AFE STATUS:

| | |
|--|-------|
| <input checked="" type="checkbox"/> Original | _____ |
| <input type="checkbox"/> Revised | _____ |
| <input type="checkbox"/> Final | _____ |
| <input type="checkbox"/> Supplemental | _____ |

| | | | |
|---------------|----------------------------------|---------------|--------------------|
| LEASE NAME | Coronet TI #3 | PROJ'D DEPTH | 5,735' |
| COUNTY | Chaves | STATE | New Mexico |
| FIELD | Pecos Slope | HORIZON | Abo/Basement |
| LOCATION | Seciton 3 T8S-R26E, 1,980' N & E | | |
| DIVISION CODE | 100 | DIVISION NAME | Oil & Gas Division |
| DISTRICT CODE | | DISTRICT NAME | |
| BRANCH CODE | | BRANCH NAME | |

PROGNOSIS: Includes costs to test Ordovician, Wolfcamp, and Abo.

| INTANGIBLE DRILLING COSTS: | | DRY HOLE | COMP'D WELL |
|--|--|----------------|----------------|
| 920-100 | Staking, Permit & Legal Fees | 2,500 | 2,500 |
| 920-110 | Location, Right-of-Way | 22,000 | 22,000 |
| 920-120 | Drilling, Footage 5,735' @ \$24.00/ft | 146,000 | 146,000 |
| 920-130 | Drilling, Daywork 3 days @ \$7,200/day | 23,000 | 23,000 |
| 920-140 | Drilling Water, Fasline Rental | 17,000 | 17,000 |
| 920-150 | Drilling Mud & Additives | 22,000 | 22,000 |
| 920-160 | Mud Logging Unit, Sample Bags | 14,000 | 14,000 |
| 920-170 | Cementing - Surface Casing | 12,000 | 12,000 |
| 920-180 | Drill Stem Testing, OHT | 0 | 0 |
| 920-190 | Electric Logs & Tape Copies | 20,000 | 20,000 |
| 920-200 | Tools & Equip. Rntl., Trkg. & Welding | 9,000 | 9,000 |
| 920-205 | Control of Well-Insurance | 1,900 | 1,900 |
| 920-210 | Supervision & Overhead | 10,000 | 10,000 |
| 920-230 | Coring, Tools & Service | | |
| 920-240 | Bits, Tool & Supplies Purchase | 500 | 500 |
| 920-350 | Cementing - Production Casing | | 20,000 |
| 920-410 | Completion Unit - Swabbing | | 35,000 |
| 920-420 | Water for Completion | | 10,000 |
| 920-430 | Mud & Additives for Completion | | 1,000 |
| 920-440 | Cementing - Completion | | |
| 920-450 | Elec. Logs, Testing, Etc. - Completion | | 20,000 |
| 920-460 | Tools & Equip. Rental, Etc. - Completion | | 35,000 |
| 920-470 | Stimulation for Completion | | 120,000 |
| 920-480 | Supervision & O/H - Completion | | 10,000 |
| 920-490 | Additional LOC Charges - Completion | | 5,000 |
| 920-510 | Bits, Tools & Supplies - Completion | | 500 |
| 920-500 | Contingency for Completion | 0 | 0 |
| TOTAL INTANGIBLE DRILLING COSTS | | 299,900 | 556,400 |

| TANGIBLE EQUIPMENT COSTS: | | | |
|---------------------------------------|-------------------------------------|--------------|----------------|
| 930-010 | Christmas Tree & Wellhead | 1,500 | 10,000 |
| 930-020 | Casing 8 5/8" @ 1,000' | 7,700 | 7,700 |
| | 5 1/2" @ 5,735' | | 33,000 |
| 930-030 | Tubing 2 7/8" @ 5,500' | | 20,000 |
| 930-040 | Packer & Special Equipment | | |
| 940-010 | Pumping Equipment | | |
| 940-020 | Storage Facilities | | 8,000 |
| 940-030 | Separation Equip., Flowlines, Misc. | | 35,000 |
| 940-040 | Trucking & Construction Costs | | 10,000 |
| TOTAL TANGIBLE EQUIPMENT COSTS | | 9,200 | 123,700 |

TOTAL COSTS 309,100 680,100

IT IS RECOGNIZED THAT THE AMOUNTS PROVIDED FOR HEREIN ARE ESTIMATED ONLY AND APPROVAL OF THIS AFE SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED WHETHER MORE OR LESS THAN HEREIN SET OUT.

| | | | |
|-------------|----------------|---------------------|--|
| Prepared By | Cory Frederick | Operations Approval | |
|-------------|----------------|---------------------|--|

| | |
|--|----------|
| Yates Petroleum Corporation | 67.8125% |
| BY <i>John Gates</i> DATE 5/18/2001 | |
| Yates Drilling Company | 9.6875% |
| BY _____ DATE _____ | |
| Myco Industries, Inc. | 9.6875% |
| BY _____ DATE _____ | |
| ABO Petroleum Corporation | 9.6875% |
| BY <i>John A. Gates</i> DATE 5/18/2001 | |

SHARE

ROXY BURKFIELD

3.12500%

7: _____ Date: _____

BRYAN SOLSBERY

7: _____ Date: _____

DEAN SOLSBERY JR.

7: _____ Date: _____

- This interest subject to lawsuit over ownership, these parties are possible owners.