

MARTIN YATES. III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
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

February 6, 1990

Cathie Auvenshine
P. O. Box 658
Dripping Springs, Texas 78620-0658

RE: John AGU #1
Township 20 South, Range 24 East, NMPM
Section 14: N/2
Eddy County, New Mexico

Dear Cathie:

Thank you for responding to our proposal concerning the drilling of the captioned well. Should you not wish to participate in the drilling of said well, Yates is willing to take a farmout incorporated into the Operating Agreement as follows:

You would deliver a 81.25% Net Revenue Interest Before Payout and have the option upon payout to convert 6.25% of your royalty (you would retain 12.5%) to a 25% working interest. Both royalty and working interest would be proportionately reduced as to the interest actually owned by you.

The terms of this farmout are based on exact Net Revenues and Back-Ins on leases and farmouts we have in the immediate area. We would be willing to accept a farmout from you or any party to the well as outlined above or we still invite you to participate.

Please advise us of your decision. Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

A handwritten signature in cursive script that reads 'Kathy H. Porter'. Below the signature, the name 'Kathy H. Porter' and the title 'Landman' are printed in a standard font.
Kathy H. Porter
Landman

KHP:cp

cc: Other Working Interest Owners

YATES PETROLEUM CORPORATION
Case No. 9869
02/21/90 Examiner Hearing
Exhibit No. 3

JOHN AGU #1
Working Interest Owners
Addressee List

Marilyn Cone, Trustee for
D. C. Trust
P. O. Box 64244
Lubbock, Texas 79464

Tom R. Cone
P. O. Box 778
Jay, Oklahoma 74346

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

Cathie Cone Auvenshine
P. O. Box 658
Dripping Springs, TX 78620-0658

Clifford Cone
P. O. Box 1509
Lovington, New Mexico 88260

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
John A. Yates
105 South Fourth Street
Artesia, New Mexico 88210
Attn: Kathy H. Porter

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TREASURER

January 29, 1990

TO: Cone Family
Addressee List Attached

RE: John AGU #1
Township 20 South, Range 24 East, NMPM
Section 14: N/2
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your files is a signature page to the Operating Agreement which has been executed on behalf of the other working interest owners under the well. Again we ask for your response to our proposal to drill said well. Should you have any questions please contact our office.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Kathy H. Porter
Kathy H. Porter
Landman

KHP:cp

Enclosure

JOHN AGU #1
Working Interest Owners
Addressee List

Marilyn Cone, Trustee for
D. C. Trust
P. O. Box 64244
Lubbock, Texas 79464

Tom R. Cone
P. O. Box 778
Jay, Oklahoma 74346

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

Cathie Cone Auvenshine
P. O. Box 33280-296
Austin, Texas 78764

Clifford Cone
P. O. Box 1509
Lovington, New Mexico 88260

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
John A. Yates
105 South Fourth Street
Artesia, New Mexico 88210
Attn: Kathy H. Porter

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EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

January 22, 1990

Certified Mail/ Return
Receipt Requested

TO: Cone Family
Addressee List Attached

RE: John AGU #1
Township 20 South, Range 24 East, NMPM
Section 14: N/2
Eddy County, New Mexico

Ladies and Gentlemen:

Yates Petroleum Corporation proposes the drilling of the captioned well at a location of 660' FNL and 1980' FWL of Section 14, Township 20 South, Range 24 East for a 9600' Morrow test. Approximate Authority For Expenditure costs are \$316,700.00 dry hole and \$676,500.00 completed.

We invite you to join and drill with us. Enclosed for your review are 2 copies of AFE and 1 copy of Operating Agreement with extra signature page. If this meets with our approval, please execute and return 1 copy of the AFE and the extra Operating Agreement signature page.

Should you desire to lease your mineral interest, rather than participate in drilling, I have enclosed a paid up lease, 6 month term with 1/4 royalty, for your execution. I realize you have declined to sell or lease to us in the past on this acreage, however, we are trying to give you a choice of options so that we might be able to develop our leasehold. In addition to participation on leasing, we would be more than willing to discuss farmout of your interest as we just drilled a 25% Back-In After Payout farmout deal in the area.

Please let us hear from you. We have an expiring lease this summer and cannot wait until then to finalize our plans. Again, please contact us should you have any questions.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Kathy H. Porter
Kathy H. Porter

KHP:cp
Enclosure

CONE FAMILY
ADDRESSEE LIST

Tom R. Cone
P. O. Box 778
Jay, Oklahoma 74346

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

Marilyn Cone, Trustee
D. C. TRUST
P. O. Box 64244
Lubbock, Texas 79464

Cathie Cone Auvenshine
P. O. Box 33280-296
Austin, Texas 78764

Clifford Cone
P. O. Box 1509
Lovington, New Mexico 88260

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DENNIS G. KINSEY
TREASURER

December 7, 1989

TO: CONE FAMILY
Addressee List Attached

RE: Township 20 South, Range 24 East, NMPM
Section 14: N/2
Eddy County, New Mexico


Ladies and Gentlemen:

Yates Petroleum Corporation is interested once again in leasing your interest under the captioned acreage. Please let us know if you would be interested in a very short term lease. We do have the balance of the acreage leased and would like to work with you on your interest.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION


Kathy H. Colbert
Landman

KHC/cp

Tom R. Cone
P. O. Box 778
Jay, OK 74346

Kathleen Cone
P. O. Drawer 1509
Lovington, NM 88260

Douglas L. Cone
P. O. Box 64244
Lubbock, Texas 79464

Cathie Ccne Auvenshine
P. O. Box 33280-296
Austin, TX 78764

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

Clifford Cone
P.O. Box 1509
Lovington, NM 88260

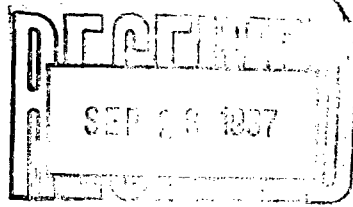
Tom R. Cone

P.O. BOX 778

Jay, Oklahoma 74346

Telephone (918) 253-8894

September 23, 1987



Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

RE: T19S-R24E Section 35: SE4
T20S-R24E Section 2: NW4NW4,
SE4NE4, NE4SE4
Section 14: N2
Eddy County, New Mexico

Dear Mr. Beardemphl:

Receipt is acknowledged of your letter dated September 14th in regard to the above captioned acreage. A lease was mentioned in your letter, however, no terms were stated. Is Yates planning to drill wells on this acreage in the near future? Please forward more specific information as to this acreage.

Thank you for your inquiry on this acreage.

Sincerely,

Tom R. Cone /sr

Tom R. Cone

TRC/sr

DOUGLAS L. CONE
P.O. Box 13612
Albuquerque, NM 87192

Phone 505-296-6122

Yates Petroleum
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Ken Beardemphl

Re: Oil and Gas Lease
Township 19 South, Range 24 East
Section 35: SE 1/4

Township 20 South, Range 24 East
Section 2: NW 1/4 NW 1/4, SE 1/4 NE 1/4, NE 1/4 SE 1/4
Section 14: N 1/2
Eddy County, New Mexico

Dear Ken,

Doug does not wish to lease his interest in the above acreage. He would be interested in joining in and would like a copy of an AFE and a Model Form Operating Agreement at the time of drilling.

Thank you.

Sincerely,

Beth Clymer
Beth Clymer, Office Manager

P.O. 13012
(Alb. 87192

MINERAL OWNERS
FOSTER "AN" #1 WELL

①
Ms. Kathleen Cone
P.O. Drawer 1509
Lovington, New Mexico 88260

②
Ms. Cathie Cone Auvenshine
P.O. Box 33280-296
Austin, Texas 78764

③ work 806-793-8801
home 806-794-5691
Mr. Douglas L. Cone
~~P.O. Box 6217~~
~~Lubbock, Texas 79413~~

512-243-2572
Sole & separate property
✓ ⑤

~~294-6000~~
296-6122 Alb.
✓ ⑥

④
Mr. Tom R. Cone
P.O. Box 778
Jay, Oklahoma 74346

Ms. Karen Parrish Long
2203 Stafford Drive
Arlington, Texas 76012
817-461-2169

Ms. Pam Parrish
e/o Thad Floyd 2163 Pinhook Court
P.O. Box 874 Ann Arbor, MI 48106
~~Nacodoches, Texas 75963-0874~~

918-253-8894

313-662-5943
OR

⑦
Mr. Clifford Cone
~~P.O. Box 6910~~
~~Lubbock, Texas 79413~~

⑧
Mr. Kenneth G. Cone
P.O. Box 11310
Midland, Texas 79702

✓ ⑨ ~~407-567-0115~~
Mr. M.R. Stipp
P.O. Box 2613
Midland, Texas 79701

396-4771
P.O. Box 1509
Lougher, NM 88160

915-687-4593

915-682-3152

35-19-24
SE/4

9-11

- ⑤ OK mail
- ⑥ OK mail
- ⑦ No answer
- ④ out, will call back next week
- ③ will want to join in on well, hope to talk back with him
- ⑨ out
- ⑧ No one there

9-21

Said did not want
to lease now but to call
it your own & drill.

9-14

- ⑨ will go short term for lease if lease do.
- ⑧ No one ~~there~~ here AM
- ⑦ No one ~~there~~ here AM
- ③ out Lady said will call me back
- ⑦ No answer PM
- ⑧ No answer PM
- ⑦ Called Said not interested in doing anything
- ⑧ - To JAPAN?
- ② Said wait till Thursday & call back

9-10-87

Conus

20-24 Sec. 2 NW NW, ~~SE~~ NE, NE SE (A11)
E-2781 $\frac{1}{6}$

9-24 Sec. 35: SE/4 $\frac{1}{24}$ each (6/24)
 $\frac{1}{24}$ each

20-24 Sec. 14: N/2 (1/2)

Stipp

- Kathleen Con $\frac{1}{4}$
- Dog $\frac{1}{20}$
- Cliff $\frac{1}{20}$
- Tom $\frac{1}{20}$
- Catherine $\frac{1}{20}$
- Kenneth $\frac{1}{20}$
- JAY $\frac{5}{43}$
- Foster

Sec 35: SE/4 120. develop

off 100⁰⁰ 37K 3/16

try to
workout some:
favorable terms for both sides

(wed or thur.