

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471 S. P. YATES
PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. - TREAS.

December 31, 1986

Louisiana Land & Exploration Company Suite 1200 2950 North Loop West Houston, TX 77092

ATTENTION: Mr. Ken Steer

RE: AFE for Seismic Line #EP16E01 Township 17 South, Range 37 East Humble City Area Lea County, New Mexico

## Gentlemen:

Yates and it's partners will agree to the seismic line AFE in the captioned area on the specific condition that the other parties on the AFE #EP16E01 will agree to one of two following proposals:

- Join on our Humble City ACL #1 well proposal, located 760' FNL & 1880' FEL in Section 14, Township 17 South, Range 37 East, NMPM, our AFE #86-099-0 mailed by letter dated November 13, 1986.
- 2. Farmout your interest in the same, on terms of each party delivering a 75% net revenue interest, retaining the differences between existing burdens and 75% as an overriding royalty. At payout each party would have the option to convert their reserved overriding royalty to a 25% working interest. Both working interest and overriding royalty to be proportionately reduced as to the interest actually owned. A copy of this letter will be sent to each party.

If you concur with this letter, please sign and return one copy of this letter to this office. Please call if you have any questions.

Very truly yours,

YATES PETROLEUM CORPORATION

Ken Beardemphl

Landman

Louisiana Land & Exploration Company
Page 2:
December 31, 1986

AGEED TO AND ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.
By:\_\_\_\_\_ Date \_\_\_\_\_

cc: Amerada Hess
LDM Association
Exxon Company, USA

## THE LO SIANA LAND AND EXPLORATION COMPANY AND SUBSIDIARIES

## AUTHORIZATION FOR EXPENDITURE (OTHER THAN DRILLING OF WELLS)

PROSPECT NO
AMT (LL&E NET) \$4,630 (±)

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	OTHER THAN DRIEDING OF WELLS)						AM	I (LL&E NET)	4,630 (±)	
TYP	EOF	EXPENDITURE Geop	nysical	<del></del>			DAT	TE OPEN12-8	-85	
ī		GENERAL INFORMATION:  COMPANY Louisiana Land and Exploration Co.  OFFICE/DIVISION Houston Division  DISTRICT/COUNTY Lea County  STATE/PROVINCE/COUNTRY New Mexico  WELL LOCATION				FIELD TOR	Strawn  Humble City  LL&F			
11.	DESC	RIPTION OF AFE AND R North/South line 117S - R37E propo	<u>for the purp</u>	ose of evalu	ating a dri	llsite i	n Sec	ing of a 3.5 14 of NTINUED; SEE		
īII.	ACC	OUNTING INFORMATION	I: COMPANY	WORKING INTE	REST GROSS	<del></del>		% NET 34.	.3	
		NOT BUDGETED		ERIOD 4th o						
īV.	PART	TICIPANTS' DATA/SUMM	ARY OF ESTIMA	TED COSTS (US	E REVERSE IF	VECESSAR	Y):			
		PARTICIPANTS	PERCENTAGE	ORIGINAL	(TO BE	COMPLET	ED FOR	RALL SUPPLEM		
			INTEREST		SUPP NO 1	SUPP N	0 2	SUPP NO 3	TOTAL	
		1 LL&E	34.3	4630	<b></b>	<del> </del>				
		2 Amerada Hess 3 LDM Assoc.	18.8 17.7	2538						
		4 Yates Partners	27.1	2390 3658	<del> </del>	<del></del>				
		5 Exxon	2.1	284						
. •		TOTALS	100%	13500	<u> </u>					
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V.	GEO	LOGICAL/GEOPHYSICAL SEISMIC PHOTOGEOLOGICAL ESTIMATED COST\$463	MAGNE	ETICS	ic -	SRAVITY OTHER	R		ORE DRILLIN	
VI,	ACR	EAGE ACQUISITION:	]LEASE 🗌 O	TION OTHER	}	<del></del>				
		TOTAL ESTIMATED COS								
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		OVERRIDING ROYALT	Y		PAYAB	3LE TQ				
		LEASE EXPIRATION DA	*		i contract of the contract of					
		OTHER OBLIGATIONS	<u> </u>	<del></del>		<del></del>				
VII.	WOF	ORKOVERS:  STARTING DATE ESTIMATED COMPLETION DATE TOTAL ESTIMATED COST								
VIII.	PLA	PLANTS, REFINERY AND OTHER:  STARTING DATE ESTIMATED COMPLETION DATE TOTAL ESTIMATED COST								
ix.	ATT	ACHMENTS:  GEOLOGICAL MAP  OETAIL COST ESTIM				LAND PLAT		OPERATOR'		
X.	APP	ROVALS:	1117/10						ROUTING	
		RECOMMENDED BY_M	.L. Kirkland	177	<u></u>		DATE	12-8-86		
	_	DIVISION MANAGER_S	IAMES B. MILE	THOUSE I	WKI4)			2/11/86	СОРУ	
		REGION VICE PRESIDE	<u></u>		7-9-		DATE	77	□copy	
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		SENIOR VICE PRESIDE							ORIG	
		PARTICIPANT'S APPRO			(1	IO REGION	IAL ACC	COUNTING)	COPY	
		BY	Mr R.J	169-6-	DATE.	·	12-31-	-86		
		TITLE			COMPA			rtners for	Humble	
	—	——/-/ —— —	— <u> </u>		<del></del>	<u>Ci</u>	ty W.	<u>I. U.                                   </u>		
XI.	ACC	OUNTING USE ONLY:								
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