

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

February 10, 2005

Roy G. Barton, Jr.
PO Box 978
Hobbs, NM 88241-0978

Certified Mail
Return Receipt Requested

RE: Chesney State Exploratory Unit
Lea County, New Mexico

Dear Mr. Barton:

Yates Petroleum Corporation is in the process of seeking agency approval for the captioned unit in which you will have an interest by virtue of your unleased mineral interest located in the NE4SW4 of Section 1, Township 11, Range 35 East, Lea County, New Mexico. Upon receipt of final approval of this unit area Yates will spud a 13,000' Mississippian test in Section 26, Township 11 South, Range 35 East.

One of the options you have is to lease your interest to Yates and we have enclosed a 5-year paid up lease, providing for a 3/16 royalty and will pay you \$100.00 per acre in consideration of signing this lease.

Should you not wish to lease your interest you can join the unit and participate in the drilling of the initial unit well by signing and returning the AFE, Operating Agreement and Unit Agreement which are enclosed herewith.

Should you not wish to lease or participate in the drilling of any unit well or wells we would respectfully request that you sign the waiver of joinder that we have enclosed which we will present to the New Mexico Oil Conservation Division hearing examiner at the scheduled hearing for unit approval on March 3, 2005.

You have the right to enter objection to this proposed unit at this hearing date.

Please call me at 505-748-4351 if I can answer any questions regarding the above.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13434 Exhibit No. 3
Submitted by:
Yates Petroleum Corporation
Hearing Date: March 3, 2005

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February 10, 2005

First Roswell Company
PO Box 1797
Roswell, NM 88202-1797

Certified Mail
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RE: Chesney State Exploratory Unit
Lea County, New Mexico

Gentlemen:

Yates Petroleum Corporation is in the process of seeking agency approval for the captioned unit in which you will have an interest by virtue of your unleased mineral interest located in the NE4SW4 of Section 1, Township 11, Range 35 East, Lea County, New Mexico. Upon receipt of final approval of this unit area Yates will spud a 13,000' Mississippian test in Section 26, Township 11 South, Range 35 East.

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February 10, 2005

Billy & Ann W. Dunn Trust
Mark S. Dunn, Trustee
#7 Buell Court
Houston, TX 77006

Certified Mail
Return Receipt Requested

RE: Chesney State Exploratory Unit
Lea County, New Mexico

Dear Mr. Dunn:

Yates Petroleum Corporation is in the process of seeking agency approval for the captioned unit in which you will have an interest by virtue of your unleased mineral interest located in the NE4SW4 of Section 1, Township 11, Range 35 East, Lea County, New Mexico. Upon receipt of final approval of this unit area Yates will spud a 13,000' Mississippian test in Section 26, Township 11 South, Range 35 East.

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February 10, 2005

Joseph Leo Burke Trust
10010 Longmont
Houston, TX 77042

Certified Mail
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RE: Chesney State Exploratory Unit
Lea County, New Mexico

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TREASURER

February 10, 2005

Quay Murphy
1907 Buena Vista, SE, Space 145
Albuquerque, NM 87106

Certified Mail
Return Receipt Requested

RE: Chesney State Exploratory Unit
Lea County, New Mexico

Dear Mr. Murphy:

Yates Petroleum Corporation is in the process of seeking agency approval for the captioned unit in which you will have an interest by virtue of your unleased mineral interest located in the NE4SW4 of Section 1, Township 11, Range 35 East, Lea County, New Mexico. Upon receipt of final approval of this unit area Yates will spud a 13,000' Mississippian test in Section 26, Township 11 South, Range 35 East.

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TREASURER

February 10, 2005

Estate of G.P. Sims
Aline Sims
PO Box 1046
Eunice, NM 88231

Certified Mail

Return Receipt Requested

RE: Chesney State Exploratory Unit
Lea County, New Mexico

Dear Ms. Sims:

Yates Petroleum Corporation is in the process of seeking agency approval for the captioned unit in which you will have an interest by virtue of your unleased mineral interest located in the NE4SW4 of Section 1, Township 11, Range 35 East, Lea County, New Mexico. Upon receipt of final approval of this unit area Yates will spud a 13,000' Mississippian test in Section 26, Township 11 South, Range 35 East.

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February 10, 2005

Hazel C. Donaldson
Rt. 4, Box 86-A
Decatur, TX 76234

Certified Mail
Return Receipt Requested

RE: Chesney State Exploratory Unit
Lea County, New Mexico

Dear Ms. Donaldson:

Yates Petroleum Corporation is in the process of seeking agency approval for the captioned unit in which you will have an interest by virtue of your unleased mineral interest located in the NE4SW4 of Section 1, Township 11, Range 35 East, Lea County, New Mexico. Upon receipt of final approval of this unit area Yates will spud a 13,000' Mississippian test in Section 26, Township 11 South, Range 35 East.

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February 10, 2005

W.G. Ross
2229 Western Drive
Midland, TX 79701

Certified Mail
Return Receipt Requested

RE: Chesney State Exploratory Unit
Lea County, New Mexico

Dear Mr. Ross:

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