

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 11, 2005

Pitch Energy Corporation
Marbob Energy Corporation
P.O. Box 227
Artesia, New Mexico 88210

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RE: **Jolene State Exploratory Unit**
Lea County, New Mexico

Gentlemen:

Please find enclosed our AFE, Operating Agreement with one (1) extra signature page and Unit Agreement with one (1) extra signature page proposing the captioned unit and initial unit well.

The unit has been submitted to the New Mexico State Land Office for preliminary approval and will be on the May 19, 2005 docket for OCD approval.

We must spud by July 1, 2005, which is the first lease expiration, therefore, we need your quick response to this proposal and return of AFE and signature pages.

Should you have any questions, please do not hesitate contacting me at 505 748 4351.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION


Robert Bullock
Landman

RB/am
Enclosure(s)

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 113490 Exhibit No. 3
Submitted by:
Yates Petroleum Corporation
Hearing Date: May 19, 2005

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May 11, 2005

EOG Resources, Inc.
P.O. Box 2267
Midland, Texas 79702

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Lea County, New Mexico

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May 11, 2005

Threshold Development Company
Fort Worth Club Tower
Penthouse II, Suite D
Fort Worth, Texas 76102

Via: Federal Express

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Lea County, New Mexico

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Robert Bullock
Landman

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Enclosure(s)

05/11/05

Man# 3

SHPR: BARBARA N. DV:

FEXP

WT: 0.5

PP

lbs

Base Chrg:

Total Chrgs:

24.33

24.33

Threshold Development
Sent To: FORT WORTH CLUB
Trk# 636710429030