

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

November 9, 2005

Working Interest Owners

Certified Mail
Return Receipt Requested

**Re: Milsap State Exploratory Unit
Lea County, New Mexico**

Ladies and Gentlemen:

Please find enclosed an AFE, Operating Agreement and Unit Agreement proposing the drilling of a 12,000' wildcat Mississippian test to be located in Section 36, Township 12 South, Range 33 East, Lea County, New Mexico.

If you wish to participate in this well please sign and return the AFE and extra signature page to the Operating Agreement and Unit Agreement along with your check to cover the AFE dry hole costs.

The approval for this proposed unit is set for public hearing before the New Mexico Oil Conservation Division on November 17, 2005. You or your representative may attend this hearing.

Please call me at 505-746-4351 if you have 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. 13591 Exhibit No. 3
Submitted by:
YATES PETROLEUM CORPORATION
Hearing Date: November 17, 2005

Milsap State Exploratory Unit
Working Interest Owners
Address List

Delilah Ann Arp
616 Hunter's Way
New Braunfels, Texas 78132

Margaret S. Baker
4524 Seventh Street
Lubbock, Texas 79416

Charley R. & Julee Smith Living Trust
415 Alto Drive
Hobbs, NM 88240

Jimmy Charles Lester
3022 Greenhaven
Houston, Texas 77092

Mekusukey Oil Company
P.O. Box 816
Wewoka, OK 74884

The L.M. McAdoo Family Trust
Pat McAdoo & Rachel Spurlock, Co-Tres
P.O. Box 307
Seagraves, Texas 79359

The Laughlin Family Trust
Edward W. & Lane Laughlin, Co-Tres
Route 1, Box 508B
Brownwood, Texas 76801

Lucy Gene Tatum
4423 Evelyn
Amarillo, Texas 79109

Irma Lee Aduddell
522 West Avenue "A"
Lovington, NM 88260

Phyllis Ann Walker
4705 NW 82nd Terrace
Kansas City, MO 64151

Bobbie J. Bishop
1404 West Avenue "H"
Lovington, NM 88260

Linda Carol Dickson
1007 Gayle Lane
Longview, Texas 75605

Gary Eli Jones
1209 Woodlollow Cove
Cedar Park, Texas 78613

NOTIFICATION LIST
UNLEASED MINERAL OWNERS

MILSAP STATE EXP UNIT

Pogo Producing Company
PO Box 2504
Houston, TX 77252-2504

LMA Royalties, LTD
PO Box 1778
Colorado Springs, CO 80901

The Estate of L.G. Jackson
855 Central, #7
Odessa, TX 79761

The Estate of Dorothy Morgan
PO Box 2
Panola, OK 74559

Brenda Kay Sexton
11401 Freeway Place, NE
Albuquerque, NM 87123

Elizabeth Lester
Route 1, Box 18
Shallowater, TX 79363

Juanita Clay
818 Southeast 4th Street
Fort Lauderdale, FL 33311

Linda Sue Heard
204 South Grove
Richardson, TX 76081

Kay Mansker Hodges
6000 Indian Creek Court
Fort Worth, TX 76107

Mosbacher USA, Inc.
712 Main Street, Suite 2200
Houston, TX 77002-3290

David B. Davis

Estate of Harold C. Hood
Tyler, TX

Estate of Marie Edwards
PO Box 654
Denver City, TX 79323

Estate of Jane P. Mosbacher
712 Main Street, Suite 2200
Houston, TX 77002

Glynnis Fay Davis
16601 Marquez Avenue, #503
Pacific Palisades, CA 90232

Charles H. Davis
1017 Maroney
Pacific Palisades, CA 90232

Emil Mosbacher, III
100 Melrose Avenue
Greenwich, CT 06830

John David Mosbacher
100 Melrose Avenue
Greenwich, CT 06830

Dr. Kim Nell Chamberlain
3718 Valley Ridge
Dallas, TX 75220-1843

Nancy Kaye Gatlin
301 Canyon Creek Trail
Fort Worth, TX 76112