MARTIN YATES, III 1912-1985

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FRANK W. YATES



S.P. YATES

JOHN A. YATES CHAIRMAN OF THE BOARD

PEYTON YATES

FRANK YATES, JR.

JOHN A. YATES, JR. SENIOR VICE PRESIDENT

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

Certified Mail - RRR

April 23, 2007

To: Working Interest Owners Addressee List Attached

Re:

Proposed Recif Unit <u>Township 22 South, Range 23 East</u> Sections 30 and 31: All <u>Township 23 South, Range 23 East</u> Sections 5-8 and 18,19: All Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation is forming a divided-type exploratory unit covering 5,207.37 acres in captioned area. A check of public records indicates you own unleased minerals within the unit area and you are cordially invited to join your interest to this unit.

As you review the enclosed unit and unit operating agreement and exhibits thereto, you will note the proposed unit will be a divided-type exploratory unit. The initial well is located 660' FNL and 1,980' FWL of Section 7, T23S-R23E and will be drilled to 10,650' to test the Morrow formation. Your acreage is Tract 7 on the exhibit and covers 120 acres in the N2SE and SESE of Section 18, T23S-R23E. You will NOT have an interest in the initial well.

Should you elect to commit your interest to the proposed Recif Unit and Unit Operating Agreements, please execute and return all four (4) copies of the enclosed ratification and joinder instrument and have your signature acknowledged by a Notary Public. Then, return three (3) originally executed copies to us for further handling.

Please be reassured that should you elect not to commit your interest to the unit, your interest will NOT be "force pooled" into the unit.

Should you need anything further, please feel free to call.

Thank you.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>13922</u>....Exhibit No. 3 Submitted by: <u>YATES PETROLEUM CORPORATION.</u> Hearing Date: <u>May.24, 2007</u>

Very truly yours,

YATES PETROLEUM CORPORATION

Janet Richardson Assistant Land Manager

Encl.

DAVID L. LANNING

Addressee List Recif Unit

Pardue Limited Company P. O. Box 2018 Carlsbad, NM 88221-2018

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J. F. Joyce, II 4 Thompson Circle, NW Washington, DC 20008

Merland, Inc. P. O. Box 548 Carlsbad, NM 88220

Carmex, Inc. P. O. Box 1718 Carlsbad, NM 88220

Kugeler Brothers 7400 Elena Drive, NE Albuquerque, NM 87113

John Guitar, III 1234 Leggett Drive Abilene, TX 79605

Repps Bedford Guitar, Jr. P. O. Box 7252 Abilene, TX 79608

Pressley Hudson Guitar P. O. Box 5383 Abilene, TX 79608-5883 Gayle Nevill Trust and Virginia Nevill Trust 5528 Tahoe Lane Fairway, KS 66205

Guy Pittman Witherspoon, III P. O. Box 100403 Fort Worth, TX 76185

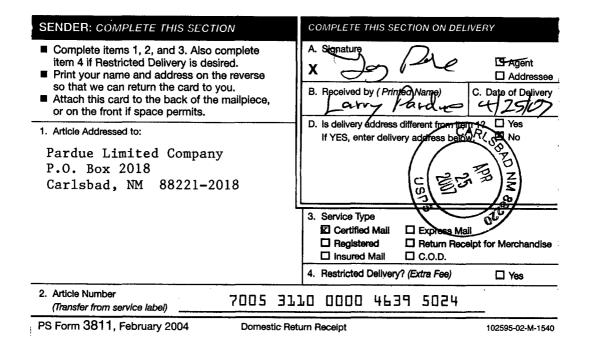
John Guitar Witherspoon, Jr. 3824 Arroyo Road Fort Worth, TX 76109

Brett Guitar Witherspoon P. O. Box 100635 Fort Worth, TX 76185

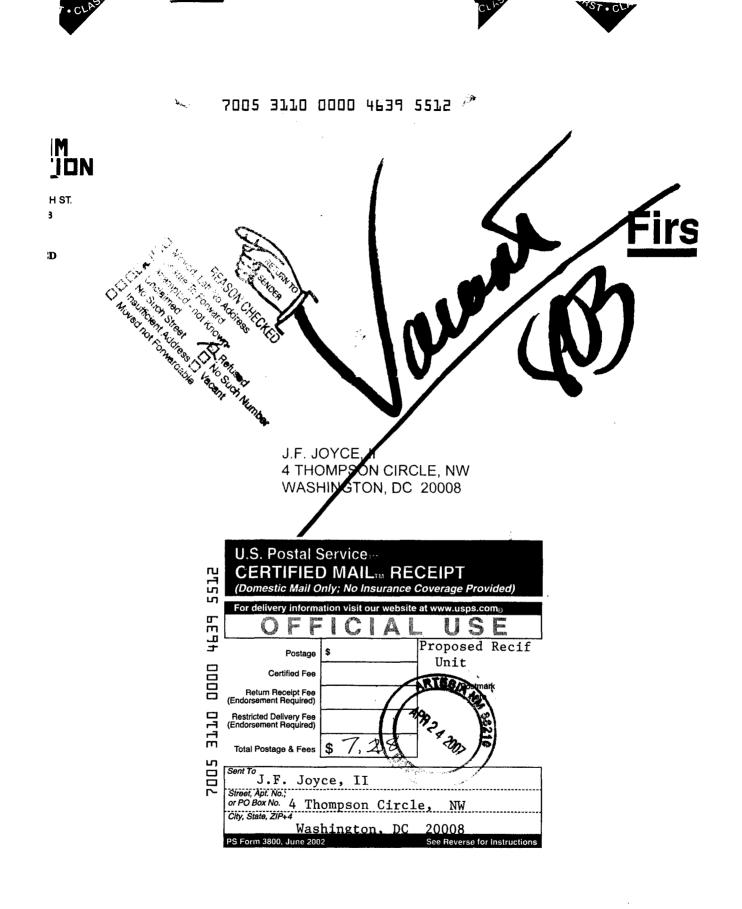
Whitten Guitar Witherspoon 7524 Pear Tree Lane Fort Worth, TX 76133-7572

Wende Witherspoon Morgan 1720 Southwicke Flower Mound, TX 75022

Guitar Holding Company, LP P. O. Box 58 Abilene, TX 79604



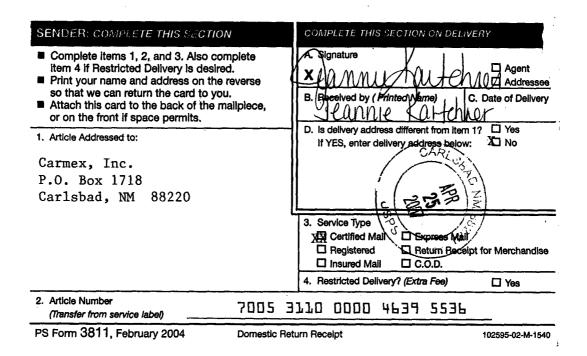
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31,10	Restricted Delivery Fee (Endorsement Required)			
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2002	Sent To Pardue Limited Company Street, Apt. No.; or PO Box No. p.O. Box 2018 City, State, ZIP+4			
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	PS Form 3800, June 2002 See Reverse for Instructions			



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2. Article Number		Insured Mali I	Yes

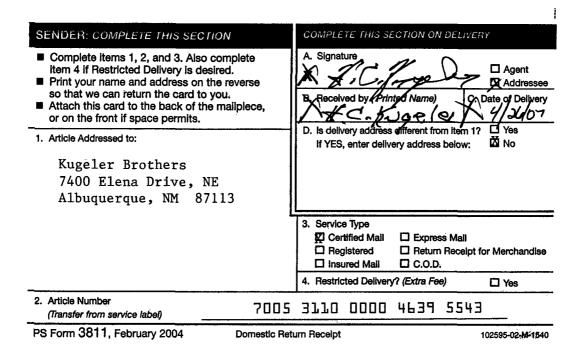
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 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: John Guitar, III 1234 Leggett Drive Abilene, TX 79605 	A. Signature X. Loug Loulus Agent Addressee B. Received by (Printed Name) C. Date of Delivery APR 3 0 2007 D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
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	4. Restricted Delivery? (Extra Fee)
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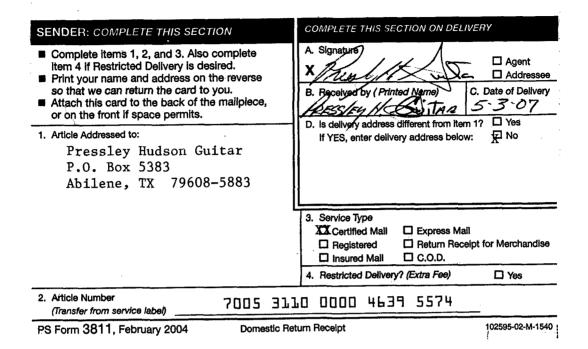


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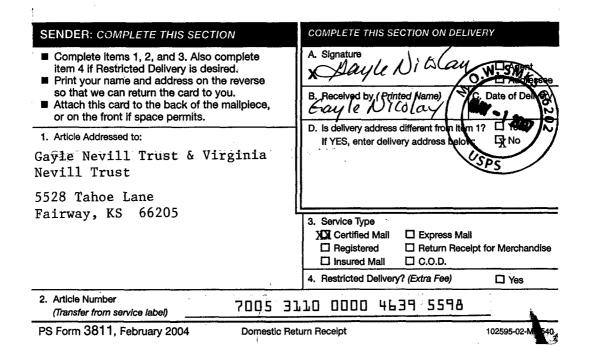
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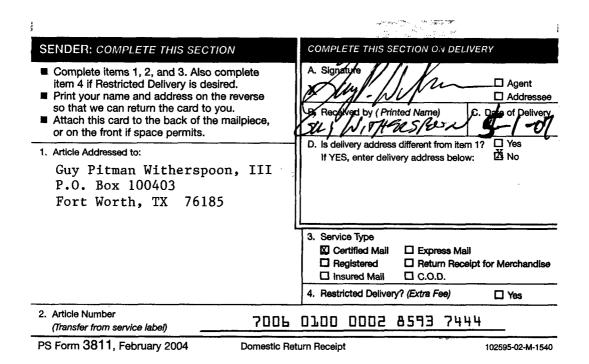






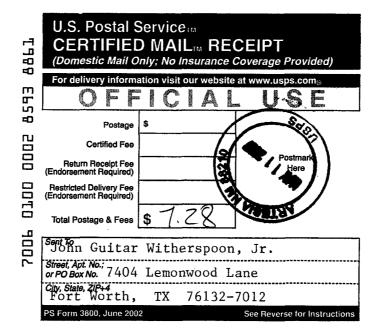






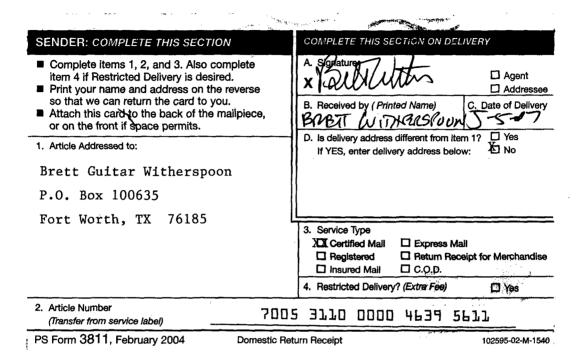






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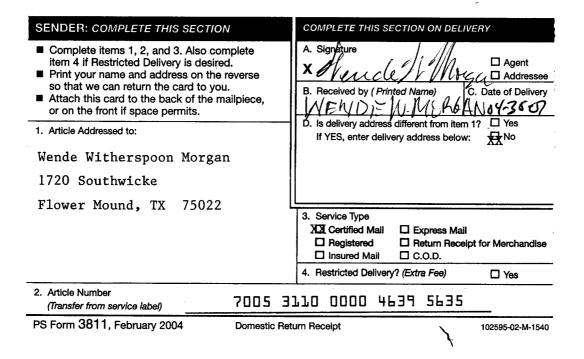
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