

# HARVEY E. YATES COMPANY

A MEMBER COMPANY OF HEYCO ENERGY GROUP

April 3, 2007

**CERTIFIED – RETURN RECEIPT REQUESTED**

TAYLOR DEEP (MORROW) WORKING INTEREST OWNERS  
(See attached list)

Re: Taylor Deep 12 Fed Com. #5  
990' FNL & 660' FWL Section 12,  
T-18S, R-31E, N.M.P.M.  
Eddy County, New Mexico

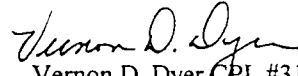
Ladies and Gentlemen:

On December 6, 2006, Harvey E. Yates Company (HEYCO) proposed a W/2 proration unit for the re-entry of the Taylor Deep 12 Federal Com. #5 well for a Morrow Test. HEYCO has received a response from Explorers Petroleum Corp., Spiral, Inc., HEYCO Employees Ltd. and Jalapeno Corporation with commitment to join the well. HEYCO has also received a response from Charlesworth Enterprises, Tommye G. Ewing, Vivan C. Brunson and Patricia A. Brunson to farmout their interest to the Working Interest Owners (WIO's) passing a 75% NRI lease without any backin. HEYCO has not received a response from Yates Energy Corporation, Stelaron Inc. or ConocoPhillips.

With the above in mind, the rig scheduled for the Taylor Deep 12 Fed. Com #5 well will have completed the well it is commencing around April 9, 2007, in time to move on this well around June 15 to June 20. Therefore, we have prepared a worksheet indicating the changes in the interest based on the farmouts and the share to each WIO, if each is prepared to take their share. We have also enclosed herewith a revised AFE dated March 20, 2007 indicating a reduction in the original AFE.

HEYCO previously sent you the JOA with extra signature pages for your execution. Due to the rig commitment and the 65-day time line for spudding the well, HEYCO is requesting you review the enclosures as soon as possible. After you have reviewed the enclosures, please indicate your election by executing the extra set of JOA signature pages and returning them, along with the signed AFE and your well requirements list, to me. If you have any questions, please contact Geologist, Gordon Yahney, Operation Manager, Bob Williams or me at 505/623-6601.

Yours very truly,

  
Vernon D. Dyer CPL #3174  
Senior Landman, Permian Basin

VDD/dlm  
Enclosures

TaylorDeep12#5RevAFESheetApril 2007.doc/Land:TaylorDeep

Oil Conservation Division

Case No. 3  
Exhibit No. \_\_\_\_\_

**MAILING LIST**

HARVEY E. YATES COMPANY  
EXPLORERS PETROLEUM CORP.  
SPIRAL, INC.  
HEYCO EMPLOYEES LTD.  
P. O. Box 1933  
Roswell, New Mexico 88202

YATES ENERGY CORPORATION  
P. O. Box 2323  
Roswell, New Mexico 88202

STELARON INC.  
320 South Polk, Suite 301  
Amarillo, Texas 79101

JALAPEÑO CORPORATION  
P. O. Box 1608  
Albuquerque, New Mexico 87108

CONOCO-PHILLIPS  
717 Texas Ave., Suite 2100  
Houston, Texas 77002  
Attn: Daniel Linger

**FARMOUT PARTIES:**

CHARLESWORTH ENTERPRISES  
5101 Hwy 214  
Hereford, Texas 79045

TOMMYE G. EWING  
c/o Patricia Ewing  
4640 Livingstone Ave.  
Dallas, Texas 75209-6024

VIVIAN C. BRUNSON  
4205 Lankford  
Springdale, Arkansas 72762

PATRICIA ANN BRUNSON  
P. O. Box 1353  
Springdale, Arkansas 72764-1353