

MARTIN YATES, III

1912-1985

FRANK W. YATES

1936-1986

S. P. YATES

1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

JOHN A. YATES
CHAIRMAN OF THE BOARD

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CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

November 12, 2010

CERTIFIED MAIL / RETURN RECEIPT

Dear Working Interest Owner
Address List Attached

Re: Well Proposal and Modification of Operating Agreements
S/2 Sec. 36-T19S-R24E
Eddy County, New Mexico

Dear Working Interest Owner:


Yates Petroleum Corporation believes that a horizontal well needs to be drilled to test the Cisco formation under the S/2 Sec. 36-T19S-R24E. We are proposing using the wellbore of an existing well to save money. The existing well is named the Dee 36SW State #2 well located in 940' FSL & 990' FWL in Sec. 36 and is currently producing. To accomplish the Cisco test we need your approval to conduct the operations and we need to determine which of the applicable joint operating agreements in place will govern the operations.

I enclose for your review our AFE for the proposed operation and a Stipulation of Interest and Ratification of Joint Operating Agreement. The agreement is prepared to address this operation and future operations of a similar nature. If you want to participate in this operation, we ask you to sign the AFE and the Stipulation of Interest and Ratification of Joint Operating Agreement (Ratification). Alternatively, if you do not want to participate in this operation, we still request that you sign the Ratification, so that we may take your interest non-consent under the operating agreement.

If you have any questions, please give me a call at 575-748-4349 or email me at cmoran@yatespetroleum.com.

Very truly yours,

YATES PETROLEUM CORPORATION


Chuck Moran
Chief Landman

Yates Petroleum Corporation
Case No. 14598
Exhibit 1

Enclosures:

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

Address List
Dee 36SE State Com. #7H
AFE 10-240-0

Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210
Phone: 575-748-1471
Fax: 575-748-4572

Cathie Cone McCowan
P. O. Box 685
Dripping Spring, TX 78620-0658
Phone: 512-858-1641
Fax: _____

Auvenshine's Children's Testamentary Trust, Cathie Cone McCown, Trustee
P. O. Box 507
Dripping Spring, TX 78620-0507
Phone: 512-858-1641
Fax: _____

Bank of Oklahoma, N.A., Successor Trustee of the Trust Created Under the Will and Codicil of
Kathleen Cone, Deceased for the Benefit of the Children of Tom R. Cone
P. O. Box 1588
Tulsa, OK 74101-1588
Phone: 918-588-6229
Fax: _____


Randy Lee Cone
P. O. Box 231034
Anchorage, AK 99523
Phone: 907-770-2664
Fax: _____

Tom R. Cone
P. O. Box 400
Southwest City, MO 64863
Phone: 918-854-3170
Fax: _____


Kenneth G. Cone
P. O. Box 11310
Midland, TX 79702
Phone: 432-687-4593
Fax: _____

Kenneth G. Cone, Trustee of the Trusts Created Under The Will and Codicil of Kathleen Cone,
Deceased for the Benefit of the Children of Kenneth G. Cone
P. O. Box 11310
Midland, TX 79702
Phone: 432-687-4593
Fax: _____

ORDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>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.</p> <p>Article Addressed to:</p> <p>J. O. Cone P.O. Box 11310 Midland, TX 79702</p>		<p>A. Signature <input type="checkbox"/> Agent</p> <p>X <i>J. Shapline</i></p> <p>B. Registered <input type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D.</p> <p><i>SHAPLINE</i> <i>1/18/70</i></p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>Article Number</p> <p>7008 1630 0000 1223 4716</p> <p>Form 3831-1, February 2004</p> <p>Domestic Return Receipt</p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>PAID \$5.00 # 744</i></p>	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
1. Article Addressed to:	A. Signature 		
2. Article Num: (Transfer rec)	B. Received by (Printed Name) Randy Lee Cone		
3. Article Num: (Transfer rec)	C. Date of Delivery 11-18-10		
4. Restricted Delivery? (Extra Fee)	D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:		
5. Service Type	<input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail <input type="checkbox"/> Certified Mail <input checked="" type="checkbox"/> Registered Return Receipt for Merchandise <input type="checkbox"/> C.O.D.		
6. Express Mail	<input type="checkbox"/> Yes <input type="checkbox"/> No		
7. Return Receipt for Merchandise	<input type="checkbox"/> Yes <input type="checkbox"/> No		
8. Restricted Delivery? (Extra Fee)	<input type="checkbox"/> Yes <input type="checkbox"/> No		

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ 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.</p>			
<p>1. Article Addressed to: Tom R. Cone P.O. Box 400 Southwest City, MO 64863</p>		<p>A. Signature <input checked="" type="checkbox"/> <i>Jac Ray</i></p>	
		<p>B. Received by <u>(Printed Name)</u> <i>ME KAY</i></p>	
		<p>C. Date of Delivery _____</p>	
		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: _____ <input type="checkbox"/> No</p>	
<p>2. Article No. <u>7008 163D 0000 4223 4730</u> (Invoice#)</p>		<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
		<p><input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise</p>	
<p>Domestic Return Receipt</p>		<p><i>WPC received 11/23/16</i></p>	
<p>Post Form 3811, February 2004</p>		<p><i>DE-36 SE GM # 74</i></p>	

<p>SENDER: COMPLETE THIS SECTION</p> <p>1. Article Addressed to:</p> <p>Bank of Oklahoma, N. A., Successor Trustee Of the Trust Created Under the Will and Codicil of Kathleen Cone, Deceased for the Benefit of the Children of Tom R. Cone, Successor Trustee P. O. Box 1588 Tulsa, OK 74101-1588</p>		<p>COMPLETE THIS SECTION ON DELIVERY</p> <p>A. Signature <input checked="" type="checkbox"/> </p> <p>B. Received by (Printed Name) <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>2. Article Number</p> <p>Transfer from: 7008 1A30 0000 4223 4747</p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>4. Restricted Delivery (Extra Fee)</p> <p><input type="checkbox"/> Yes</p>		<p>5. Delivery Instructions</p> <p>118810</p>	

UNITED STATES POSTAL SERVICE

First-Class Mail
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USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
Attention: Chuck Moran

2

UNITED STATES POSTAL SERVICE

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
Attention: Chuck Moran

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UNITED STATES POSTAL SERVICE

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USPS
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