

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
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

April 8, 1997

RECEIVED

APR 09 1997

MARATHON OIL COMPANY
MCR LAND DEPARTMENT

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-0552

Attention: Mr. Tim Robertson

Re: W.B. Travis "15" State Com. #1
E/2 Section 15, T18S-R28E
Eddy County, New Mexico

Gentlemen:

Enclosed is a letter to New Mexico Oil Conservation Division, dated March 7, 1997, which has been executed on behalf of Yates Petroleum Corporation whereby they waive objection to your drilling the referenced well at a location 1000' FNL and 950' FEL of Section 15, T18S-R28E, Eddy County, New Mexico. Also enclosed is the Authority for Expenditure covering said well along with our Geological Requirements letter.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

/mw

Enclosures

BEFORE THE
OIL CONSERVATION COMMISSION
Case No. 11775 Exhibit No. 10
Submitted By:
Marathon Oil Company
Hearing Date: May 1, 1997

Region	Mid-Continent	Total Depth	10,800
Field	Travis	Drilling Days	35
Lease	W. B. Travis "15" State Com #1	Compl Days	10
Location	1000' FNL & 950' FEL, Sec. 15, T18S-R28E, Eddy County, NM	AFE#	665296

Source	Quantity	Feature	Cond	A
DRILLING COSTS - TANGIBLE				
		Drive Pipe	81-7	
Purchase		Conductor Pipe- 20", PE	81-8	
Purchase	575	Surface Pipe- 13-3/8", 48#, H-40, 8rd, STC	81-9	\$9,000
Purchase	2700	Casing, Int. String No. 1- 9-5/8"	81-11	\$30,000
		Casing, Intermediate String No. 2	81-12	
		Drilling Liner	81-19	
		Drilling Liner Hanger and Tieback Equipment	81-22	
Purchase		Drilling Wellhead Equipment	81-80	\$4,500
Purchase		Miscellaneous Materials	81-217	\$1,000
TOTAL DRILLING - TANGIBLE				\$44,500
DRILLING COSTS - INTANGIBLE				
Contract		Surveying, Location & Access	81-2	\$500
Contract		Well Location & Access	81-5	\$15,000
Contract		Daywork Drlg. - \$5650/24 hour day incl. Fuel	81-36	\$27,500
Contract	11500	Footage Basis Drlg.- Dry Hole Drilling	81-37	\$230,000
		Turnkey Drilling	81-38	
		Drilling Rig Mob/Demob	81-39	
Contract		Blowout Prevention Equipment	81-41	
		Drill Pipe & Collars	81-44	
		Drilling & Service Tools	81-45	
		Drilling Services	81-50	
		Snubbing Units, Company	81-62	
		Snubbing Units, Contract	81-68	
Contract		Mud System/Solids Control	81-40	\$4,000
Contract		Mud and Mud Services	81-71	\$25,000
		Bits	81-69	
		Stabilizers, Hole Openers, Underreamers	81-70	
		Oil	81-72	
		Grease	81-72	
		Fuel, Diesel (Not furnished by Contractor)	81-74	
Contract		Water	81-336	\$12,000
Contract		Casing Tools and Services	81-90	\$9,000
Contract		Cement and Cementing Service	81-91	\$25,000
Contract		Logging Services, Open Hole	81-93	\$30,000
		Logging Services, Cased Hole	81-94	
Contract		Mud Logging	81-95	\$10,000
Contract		Inspection, Pipe & Casing	81-97	\$3,500
		Directional Services	81-101	
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$4,500
		Formation Testing, Cased Hole	81-105	
		Well Control Services	81-120	
Contract		Trucking/Transportation, Other	81-126	\$5,500
Contract		Well Test Equipment	81-127	\$2,500
		Fishing Tools and Services	81-133	
		Abandoning Tools and Services	81-136	
		Sidetracking, Milling Sections, Whipstocks	81-185	
Contract		Miscellaneous Materials	81-217	\$3,500
Contract		Contract Labor, Welding	81-233	\$1,000
Contract		Contract Labor, Other- \$400/24 hour day	81-237	\$15,000
Contract		Contract Services, Living Qtrs.- \$100/day	81-243	\$3,500
		Contract Services, Other	81-266	
Contract		Hydrogen Sulfide Testing- \$150/day	81-320	\$4,000
		Spill Control Equipment	81-454	
Contract		Computer Hardware- \$25/day	81-568	\$800
Contract		Commo, Field- \$50/day	81-658	\$1,800
		Regulatory Compliance	81-685	
MOC		Company Labor & Burden- \$375/day	81-750	\$13,000
		Overhead	81-770	
		Indirect Expense	81-779	
TOTAL DRILLING - INTANGIBLE				\$446,600
TOTAL DRILLING COSTS				\$491,100

Region Mid-Continent
 Field Travis
 Lease W. B. Travis "15" State Com #1
 Location 1000' FNL & 950' FEL, Sec. 15,
 T18S-R28E, Eddy County, NM

Total Depth 10,800
 Drilling Days 35
 Compl Days 10
 AFE# 665296

Source	Quantity	Feature	Cond	A
COMPLETION COST - TANGIBLE				
Purchase	10600	Production Casing	82-15	\$75,000
		Production Liner	82-18	
		Production Liner Hanger & Tieback Equipment	82-21	
Purchase	10600	Tubing - 2 3/8" O.D., 4.7#, L-80	82-23	\$36,000
		Wellhead Equipment (Drilling)	82-80	\$4,500
Purchase		Christmas Tree	82-87	\$9,000
Purchase		Packers	82-137	\$6,000
		Rod Pump	82-143	
		Electric Submersible Pump	82-149	
		Completion Wellhead Equipment	82-167	
TOTAL COMPLETION - TANGIBLE				\$130,500
COMPLETION COST - INTANGIBLE				
Contract		Location and Access	82-1	\$1,500
		Drilling Rig During Completion	82-34	\$11,000
Contract		Blowout Preventer	82-41	\$1,500
		Tools - Drilling & Service	82-45	
		Rig, Completion	82-48	
		Workover Units, Company	82-55	
Contract		Workover Units, Contract	82-56	\$7,500
		Snubbing Units, Company	82-62	
		Coiled Tubing Service Units, Contract	82-67	
		Snubbing Units, Contract	82-68	
		Underreamers, Stabilizers, Hole Openers	82-70	
		Lubricants	82-72	
		Fuel, Diesel	82-74	
		Casing Tools & Services- Longstring	82-90	
		Cement & Cementing Services- Longstring	82-91	\$15,000
		Logging Services, Open Hole Wells	82-93	
Contract		Logging Services, Cased Hole Wells	82-94	\$3,500
Contract		Tubular Inspection, Testing & Cleaning	82-96	\$7,000
Contract		Formation Testing	82-103	\$3,000
Contract		Formation Treating	82-113	\$4,000
Contract		Transportation, Other	82-126	\$3,500
Contract		Test Equipment - Well Testing	82-127	\$7,500
		Fishing Tools and Services	82-133	
Contract		Completion and Packer Fluids	82-180	\$1,000
Contract		Perforating	82-182	\$16,000
Contract		Wireline Services	82-183	\$1,500
		Sidetracking, Milling Sections, Whipstocks	82-185	
Contract		Miscellaneous Materials	82-217	\$3,500
Contract		Miscellaneous Services	82-218	\$7,000
Contract		Contract Labor, Laborer	82-234	\$3,000
Contract		Contract Services, Other	82-240	\$7,400
Contract		Treating Chemicals, Other	82-291	\$1,000
Contract		Salt Water Disposal & Trans Fees	82-371	\$1,000
Contract		Rental Tools & Equip.	82-585	\$4,300
		Communications - Field	82-658	
		Regulatory Compliance	82-685	
MOC		Company Labor & Burden	82-750	\$3,800
		Overhead	82-770	
		Indirect Expense	82-779	\$3,000
TOTAL COMPLETION - INTANGIBLE				\$117,500
TOTAL COMPLETION COSTS				\$248,000

Region Mid-Continent
 Field Travis
 Lease W. B. Travis "15" State Com #1
 Location 1000' FNL & 950' FEL, Sec. 15,
 T18S-R28E, Eddy County, NM

Total Depth 10,800
 Drilling Days 35
 Compl Days 10
 AFE# 665296

Source	Quantity	Feature	Cond	A
FACILITY COSTS				
Purchase	Line Pipe	83-27		\$1,500
Purchase	Transportation, Other	83-126		\$2,500
	Pumping Unit	83-141		
	Pumping Equipment - Rod Pump	83-143		
	Flowing/Plunger Lift Equipment	83-146		
	Submersible Pump - Electric Panel	83-149		
	Submersible Pump - Hydraulic	83-152		
	Gas Lift Equipment	83-155		
	Pumps	83-158		
Purchase	Tanks	83-170		\$10,000
Purchase	Metering Equipment	83-190		\$4,000
	Instrumentation	83-194		
	Electrical Equipment, Other	83-201		
Purchase	Valves	83-205		\$2,500
Purchase	Miscellaneous Materials	83-217		\$10,000
	Contract Labor, Electrical	83-229		
Contract	Contract Labor, Welding	83-233		\$1,000
Contract	Contract Labor, Other	83-237		\$4,000
Contract	Contract Services, Other	83-240		\$2,000
	Compressor Installation	83-365		
Purchase	Dehydration	83-376		\$10,000
	Crude Oil Treaters	83-378		
Purchase	Separator	83-380		\$10,000
	Vapor Recovery Units	83-386		
	Free Water Knockouts	83-388		
	Regulatory Compliance (Includes Permitting)	83-685		
MOC	Company Labor & Burden	83-750		\$2,000
TOTAL FACILITY COSTS				\$59,500
SUMMARY OF GROSS COSTS				
Total Drilling				\$491,100
Total Completion				\$248,000
Total Surface Equipment				\$59,500
GRAND TOTAL GROSS COSTS				\$798,600
SUMMARY OF NET COSTS				
Total Drilling				\$0
Total Completion				\$0
Total Surface Equipment				\$0
GRAND TOTAL NET COSTS				\$0
TOTAL TANGIBLE COSTS				\$234,500
TOTAL INTANGIBLE COSTS				\$564,100
TANGIBLE PERCENT OF TOTAL				29.4%

Participants Approval

Name of Company - YATES PETROLEUM CORPORATION 19.7917%

Title - Vice-President

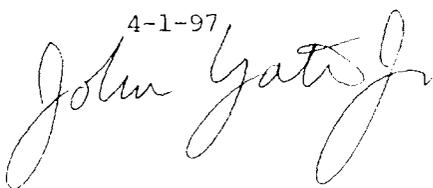
Date - 4-1-97


EXHIBIT "A"
GEOLOGICAL REQUIREMENTS

Mr. Brent May
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
(505) 748-1471 (Office)
(505) 746-3304 (Home)
(505) 365-6170 (Cellular)
(505) 748-4570 (Fax)

ALTERNATE:
Mr. Ray Beck
(505) 748-2565

I. Notification:

- A. You shall immediately notify the above company representative (or alternate) by telephone, at your expense, sufficiently in advance of the following events in order that a representative of the company may be present to witness same:
1. Spudding of any test well hereunder,
 2. All drill stem or other tests of said well,
 3. Logging or other downhole surveys,
 4. Any coring operations,
 5. Any plugging operations,
- B. You shall, at your expense, furnish us current progress reports (daily drilling, completion, or workover and daily mud log) on said well with full information thereon each day by fax. This requirement may be waived and well progress report may be mailed daily when practicable.

II. Other Requirements:

- A. Unless waived by us, you shall run:
1. A GR-Dual Laterolog, Dual Induction or equivalent saturation log.
 2. A GR-Compensated Neutron-Formation Density or equivalent porosity log.
 3. A mudlog commencing 100' above 1st potential pay continuous to TD.
- B. You shall furnish us the following data and information:
1. Two copies of field prints and two copies of final prints of all electric logs or other downhole surveys run in said well; this includes dipmeter logs and any derivative logs such as "Coriband", "Saraband", "Elan", or equivalent survey analysis.
FAX ONLY zones of interest of E-logs and mudlogs immediately after logging operations to (505-748-4570).
 2. One copy of digital data on 3-1/2" diskette - LAS Format,
 3. When Schlumberger is used, logs should be lognetted to Schlumberger Midland Computing Center and diskettes made there.
 4. Two copies of all drill stem test reports,
 5. Two copies of all core analysis reports,
 6. One copy of all fluid analysis reports,
 7. Two copies of the preliminary mudlog sheets and two copies of the final mud log,
 8. One copy of any paleontological report,
 9. One copy of any geological report,
 10. One copy of the sample description
 11. One copy of the drilling time,
 12. One copy of all government reports,
 13. One copy of daily production reports for sixty (60) days after completion of the well.
- C. One set of representative samples to be filed with Midland Sample Cut.