

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1988



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

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
REYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

February 26, 1999

Attention: Mike Gray  
Nearburg Exploration Company, LLC  
3300 N. "A" Street, Bldg 2, Suite 120  
Midland, Texas 79705

RE: Nearburg Application for  
Unorthodox well location  
Township 21 South, Range 35 East  
Section 28: S/2  
Lea County, New Mexico

Dear Mr. Gray:

Yates Petroleum Corporation, Yates Drilling Company, Myco Industries, Inc. and Abo Petroleum Corporation will not object to your unorthodox well location stated above, provided that Nearburg Exploration Company will not object to a like location on our offset acreage.

Please indicate your acceptance of this agreement by signing and returning one (1) executed copy of this letter to the undersigned.

Very truly yours,

YATES PETROLEUM CORPORATION

*Douglas W. Hurlbut*  
Douglas W. Hurlbut  
Landman

DWH/dc

AGREED TO AND ACCEPTED this 21<sup>st</sup> day of March, 1999

NEARBURG EXPLORATION COMPANY, LLC

By: *[Signature]*  
S. Landman

NEW MEXICO  
OIL CONSERVATION DIVISION

EXHIBIT 3

CASE NO. \_\_\_\_\_

RECEIVED

FEB 22 1999

KJP



**Nearburg Exploration Company, L.L.C.**

Exploration and Production  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79105  
915/686-8235  
Fax 915/686-7806

February 17, 1999

Crescent Porter Hale Foundation  
1069 Mills Tower  
220 Bush Street  
San Francisco, California 94104

Re: Nearburg Range State #2 Well  
T-21-S, R-35-E, Section 28: S/2  
990' FEL and 660' FSL  
Lea County, New Mexico  
Range Prospect

Gentlemen:

Nearburg Exploration Company, L.L.C. desires to drill a 13,000'± Morrow test well at the captioned location in a unit comprising the S/2 of Section 28, T-21-S, R-35-E. This location will be an unorthodox location according to Oil Conservation Division rules. Crescent Porter Hale Foundation is an offsetting owner in Section 27, T-21-S, R-35-E. If you have no objection to this proposed unorthodox location, we would appreciate your executing and returning one copy of this letter to the letterhead address.

Very truly yours,

Michael M. Gray  
Senior Landman

MMG/dw

I/We do not object to the proposed unorthodox location.

**CRESCENT PORTER HALE FOUNDATION**

By:   
Its: Director

cc: Mr. A.L. Ballard  
1021 Main Street, Suite 1705  
Houston, Texas 77002