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



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

JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

S. P. YATES CHAIRMAN OF THE BOARD

March 8, 2000

Mr. Michael M. Gray Concho Resources, Inc. Suite 410, 110 W. Louisiana Midland, Texas 79701

Re: Woody "10" Fed. Com. #1

Section 10, T17S-R27E Eddy County, New Mexico

Dear Mike:

In reference to the captioned area, enclosed please find the following:

- 1) Your Authority for Expenditure that has now been signed by the parties,
- 2) Signature page to the Operating Agreement, dated February 23, 2000,
- 3) Signature and notary pages to the Exhibit "G",
- 4) A copy of our geological requirement letter.

Should you have any questions, please advise.

Very truly yours,

YATES PETROLEUM CORPORATION

Luglas W. Huchut

Douglas W. Hurlbut

Landman

DWH/mw

**Enclosures** 

Concho Resources, Inc. Hearing Date: June 29, 2000

# AUTHORITY FOR EXPENDITURE

WELL NAME: Woody 10 Fed #1 PROSPECT NAME LOCATION: Unit P, Sec 10, T17S, R27E **COUNTY & STATE:** Eddy, NM OBJECTIVE: D&C 9350' Morrow well 660' FSL & 660' FEL **INTANGIBLE COSTS BCP** <u>ACP</u> **TOTAL** TITLE/CURATIVE/PERMIT 1,000 1,000 DAMAGES/ROW 10,000 10,000 SURVEY/STAKE LOCATION 1,000 1,000 LOCATION/PITS/ROAD EXPENSE 15,000 2,000 17,000 DRILLING/COMPLETION OVERHEAD RATE 1,000 5,000 6,000 TURNKEY CONTRACT 0 FOOTAGE CONTRACT \$15.85/ft 148,000 148,000 DAYWORK-CONTRACT 4 days 11,000 11,000 22,000 **FUEL & POWER** 0 WATER 15,000 1,000 16,000 **BITS & REAMERS** 1,000 1,000 **MUD & CHEMICALS** 20,000 20,000 DRILL STEM TEST O **CORING & ANALYSIS** 0 CEMENT SURFACE 5,000 5,000 **CEMENT INTERMEDIATE** 0 CEMENT PRODUCTION 8 000 8 000 **CASING CREWS & EQUIPMENT** 2,000 3,000 5,000 **FISHING TOOLS & SERVICE** 0 CONTRACT LABOR 5,000 10.000 15.000 4,000 COMPANY SUPERVISION 2,000 2,000 CONTRACT SUPERVISION 10,000 4,000 14,000 **TESTING CASING/TUBING** 1,000 2,000 3,000 MUD LOGGING UNIT 10,000 10,000 LOGGING/WIRELINE SERVICES 2,000 20,000 18,000 PERFORATING 10,000 10,000 STIMULATION/TREATING 15,000 15,000 COMPLETION UNIT 12,000 12,000 4,000 10,000 RENTALS 14.000 TRUCKING/FORKLIFT/RIG MOBILIZATION 4,000 2,000 2,000 WELDING SERVICES 2,000 FLOAT EQUIPMENT & CENTRALIZERS 3,000 2,000 1,000 MISCELLANEOUS CONTINGENCY 29,000 10,000 39,000 TOTAL INTANGIBLES 318,000 110,000 428,000 TANGIBLE COSTS SURFACE CASING 15,000 15,000 1500' 8 5/8' INTERMEDIATE CASING 0 PRODUCTION CASING / LINER 44,000 44,000 9,350' 4 1/2" TUBING 9,200' 2 3/8" N-80 25,000 25,000 WELLHEAD EQUIPMENT 12,000 2,000 14,000 **PUMPING UNIT** 0 RODS 0 PUMPS 0 **TANKS** 10,000 10,000 **FLOWLINES** 5,000 5,000 HEATER TREATER/SEPARATOR 15,000 15.000 ELECTRICAL SYSTEM 0 PACKERS/ANCHORS/HANGERS 4,000 4,000 COUPLINGS/FITTINGS/VALVES 8,000 8,000 GAS COMPRESSORS/METERS 2,000 2,000 MISCELLANEOUS 5.000 5.000 CONTINGENCY 2,000 12,000 14,000 **TOTAL TANGIBLES** 19,000 142,000 161,000 **TOTAL WELL COSTS** 337,000 252,000 589,000 **PLUGGING COST** TOTAL DRY HOLE Concho Resources, Inc. By: James Blount Date Prepared: 2/21/00

We approve: 0.25 % Before Tanks / 0.25 % After Tanks YATES PETROLEUM CORPORATION 1.75% ABO PETROLEUM CORPORATION DWIZ 0.25% YATES DRILLING COMPANY 0.25% 3-7-2000 3-7-2000 Date: Date: Attorney-in Fact -in-Fact MYCO INDUSTRIES, INC. 0.25% may 3-7-2000 Attorney-in-Fact

1 2	PATOCETY A PIECATO	
3 4 5	This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to legal representatives, successors and assigns.	their respective heirs, devisees,
6 7		iginal for all purposes.
8 9		February ,-19 2000 .
	10 Concho Resources Inc. , who has prepared and circulated this form for execution, repr	resents and warrants that the form
	was printed from and with the exception listed below, is identical to the AAPL Form 610-1982 Model Form O	perating Agreement, as published
13	in diskette form by Forms On-A-Disk, Inc. No changes, alternations, or modifications, other than those in Artic	cles <u>which are indicated</u>
	14 <u>herein</u> 15	have been made to the form.
	OPERATOR	
	17	
	CONCHO RESOURCES II	NC. Wh
	20 Cal	
	David W. Copeland.	Vice President
23	February 23, 2000	.*
	25	
	26 NON-OPERATORS 27	
	28	
30	29 30 CHI ENERGY, INC. SOUTHWESTERN ENERGY	Y PRODUCTION COMPANY
32	22	
33	Printed Name:  Title:  Title:	
34 25	Title: Title: Date:	
	36	
	37	
38 39	OXY USA. TNC.	
40		
41	Printed Name:	
42 43	43 Title:	
44	nare:	
	45 YATES PETROLEUM COI	RPORATION
40	47	llaco
48	48 Printed Name: Divi	yaca V
	Title: afferment up	m Yates - te ct
50 51	Date: 'ネクー'	2000
	52 YATES DRILLING COM	DAMV
	53	PANY
	54 55	MED
	Printed Name: Pe	yton Yates
	57 Title: <u>athrney-in-</u> Date: 3-7-2	- fact
	58 59	
	ABO PETROLEUM CORPO	ORATION
61	61 John a. W.	
	Printed Name: 756	n A/ Yates, Jr
	Title: attorney-in-	fact/
	65 Date: 3-7-20	001/
	66 MYCO INDUSTRIES, II	NC.
	68 A TO INDUSTRIES, II	7. 0
	69 - May Valo	n
70	Printed Name: Fra Title: atomey -in.	
	Date: 3-7-200	

CONCHO RESOURCES INC.

Taxpayer ID No. 75-2720028 110 West Louisiana, Suite 410

By Www. Printed Name: David W. Copeland

#### **OPERATOR:**

Title: Vice President
Date: Feburuary 23, 2000

Midland, Texas 79701

NON-OPERATORS:		
SOUTHWESTERN ENERGY PRODUCTION COMPANY		
By: Printed Name: Title: Date:		
Taxpayer ID No.		
2350 N. Sam Houston Parkway East, Suite 300 Houston, Texas 77032		
OXY USA, INC.		
By: Printed Name: Title: Date:		
Taxpayer ID No.		
P. O. Box 50250 Midland, Texas 79710		
YATES PETROLEUM CORPORATION		
By: Printed Name: Poyton Yates Title: attorney-10-fact Date: 3-10-00		
Taxpayer ID No.		
105 S. 4 <sup>th</sup> Street Artesia, New Mexico 88210		

## NON-OPERATORS (Continued):

YATES DRILLING COMPANY		
By: Affon Walk  Printed Name: Peyton Yates  Title: attorney -in-fact  Date: 3-6-2000		
Taxpayer ID No.		
105 S. 4 <sup>th</sup> Street Artesia, New Mexico 88210		
ABO PETROLEUM CORPORATION  By:   Printed Name:   Tohn A. Yatek Jr  Title:   Date: 3-6-2000  Taxpayer ID No.		
105 S. 4 <sup>th</sup> Street Artesia, New Mexico 88210		
MYCO INDUSTRIES, INC.		
By:funffalesh  Printed Name:Ftank_Yates, Jr  Title:		
Taxpayer ID No.		
105 S. 4 <sup>th</sup> Street Artesia, New Mexico 88210		
CHI ENERGY, INC.		
By: Printed Name: Title: Date:		
Taxpayer ID No.		

P. O. Box 1799 Midland, Texas 79702

## **ACKNOWLEDGMENTS**

STATE OF TEXAS § COUNTY OF MIDLAND §
This instrument was acknowledged before me on this 23rd day of February, 2000, by David W. Copeland, as Vice President, on behalf of Concho Resources Inc., a Delaware corporation, on behalf of said corporation.
LETA H. COLLINS NOTARY PUBLIC STATE OF TEXAS My Comm. Exp. 09-20-2003
STATE OF TEXAS
This instrument was acknowledged before me on this day of, 2000, by, as, on behalf of Southwestern Energy Production Company, on behalf of said company.
My Commission Expires:
STATE OF TEXAS \$ COUNTY OF MIDLAND \$
This instrument was acknowledged before me on this day of, 2000, by, as, on behalf of Oxy USA, Inc., a corporation, on behalf of said corporation.
My Commission Expires:
STATE OF NEW MEXICO § COUNTY OF <u>Eddy</u> §
This instrument was acknowledged before me on this 6th day of March, 2000, by Peyton Vates, as Attorney-in-Fact, on behalf of Yates Petroleum Corporation, a New Mexico corporation, on behalf of said corporation.
My Commission Expires: 9-15-2003  Darlene Chavania  Notary Public for the State of New Mexico

## **ACKNOWLEDGMENTS (Continued)**

STATE OF NEW MEXICO § COUNTY OF Eddy §
This instrument was acknowledged before me on this day of March, 2000, by Payton Gates, as Attorney in Fact, on behalf of Yates Drilling Company, on behalf of said company.
My Commission Expires: 9-15-2003  My Commission Expires: 9-15-2003
STATE OF NEW MEXICO § COUNTY OF Eddy §
This instrument was acknowledged before me on this 6 day of March, 2000, by Aboundary of March, 2000, by ABO Petroleum Corporation, a New Mario corporation, on behalf of said corporation.
My Commission Expires: 9-15-2013  Darlene Chavarna  Notary Public for the State of New Mexico
STATE OF NEW MEXICO § COUNTY OF Eddy §
This instrument was acknowledged before me on this day of March, 2000, by Frank Yates, as Afformey in Fact, on behalf of MYCO Industries, Inc., a Member of corporation, on behalf of said corporation.
My Commission Expires: 9-15-2003  My Commission Expires: 9-15-2003
STATE OF TEXAS \$ COUNTY OF MIDLAND \$
This instrument was acknowledged before me on this, as, on behalf of Chi Energy, Inc., a corporation, on behalf of said corporation.
Notary Public for the State of Texas  My Commission Expires:

# 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 (Plain Paper Fax)
(505) 748-4321 (Continuous Log Fax)

ALTERNATE: Mr. Ray Book (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, Borehole Image Logs and any derivative logs such as "Elan", or equivalent survey analysis.

    FAX ONLY zones of interest of E-logs and mudlogs immediately after logging operations to (505-748-4321).
  - 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, (Application for Permit to Drill should be attached with initial drilling report)
  - 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.