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



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

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

December 27, 2000

Working Interest Owners Addressee List Attached Via Certified Mail

Re: AFE Daisy AFS St #2 <u>Township 16 South, Range 35 East</u> Section 3: 660' FNL & 660' FEL Lea County, New Mexico

Ladies and Gentlemen:

Please find enclosed our AFE proposing the drilling of the captioned well to test the Morrow/Mississippian formation at approximately 13,100'.

The proposed proration unit located in irregular Section 3 is Lots 1 through 8 which forms a non-standard 355.80 acre spacing unit.

We will forward our Joint Operating Agreement for your review as soon as you have indicated your desire to participate in this proposed test.

Please call me at (505) 748-4351 if you have any questions regarding this proposal.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

obert Bullock

Robert Bullock Landman

RB:bn

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case Nos. 12535/12567/12569 Cons. Exhibit 3

Submitted by: Yates Petrolcum Corp./Ocean Energy Resources, Inc. Hearing Date: <u>January 11, 2001</u> Tom R. Cone PO Box 778 Jay, OK 74346

Marilyn Cone, Trustee of the D.C. Trust PO Drawer 1629 Lovington, NM 88260

Keith Pratt Daniels PO Box 190766 Dallas, TX 75219

The Long Trusts PO Box 3096 Kilgore, TX 75663

David H. Arrington Oil & Gas, Inc. 214 West Texas, Suite 400 Midland, TX 79701 Kenneth G. Cone PO Box 11310 Midland, TX 79702

Clifford Cone PO Drawer 1629 Lovington, NM 88260

Lynda Pratt Rast 1202 Marlee Lane Arlington, TX 76014

LWJ Partnership PO Box 64244 Lubbock, TX 79424 Kenneth G. Cone, Trustee Kenneth G. Cone Children's Trust PO Box 11310 Midland TX 79702

Clifford Cone, Trustee of the Clifford Cone Family Trust U/W/O Kathleen Cone PO Drawer 1629 Lovington, NM 88260

Phillip L. White The Blanco Company PO Box 2168 Santa FE, NM 87504-2168

Ocean Energy Resources, Inc. 1001 Fannin, Suite 1600 Houston, TX 77002-6794

Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 105 South Fourth Street Artesia, NM 88210

DAISY AFS ST #2 ADDRESSEE LIST

	ENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
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	Phillip L. White The Blanco Company PO Box 2168 Santa FE, NM 87504-2168	3. Service Type (D Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes
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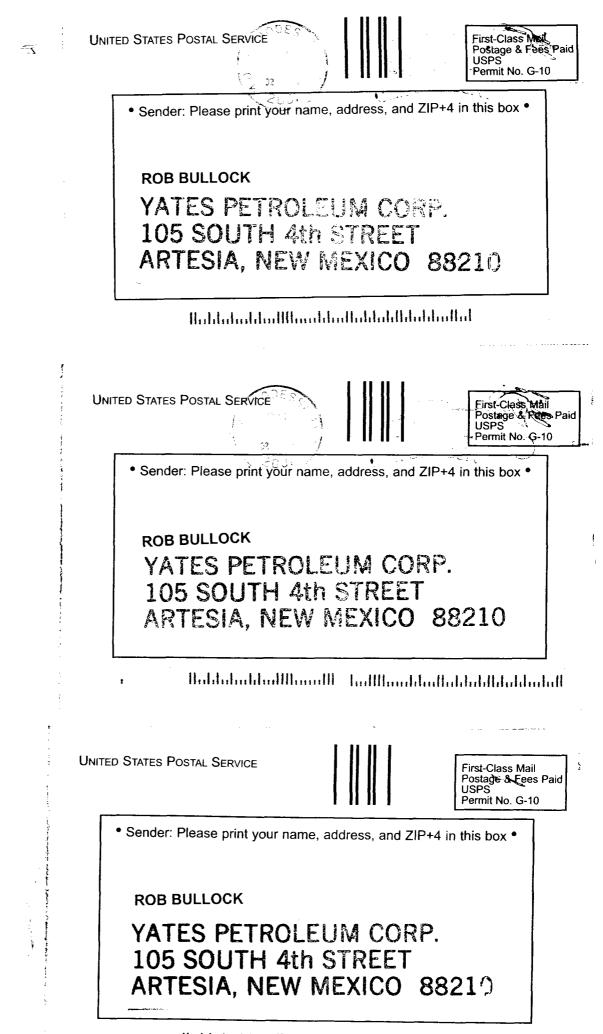
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ROB BULLOCK

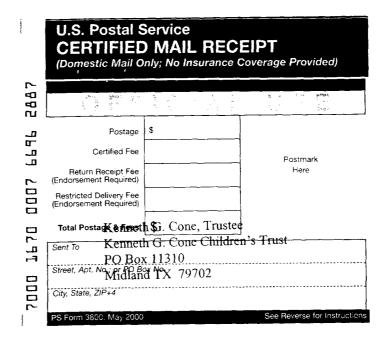
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The Long Trusts PO Box 3096 Kilgore, TX 75663	3. Şervice Type
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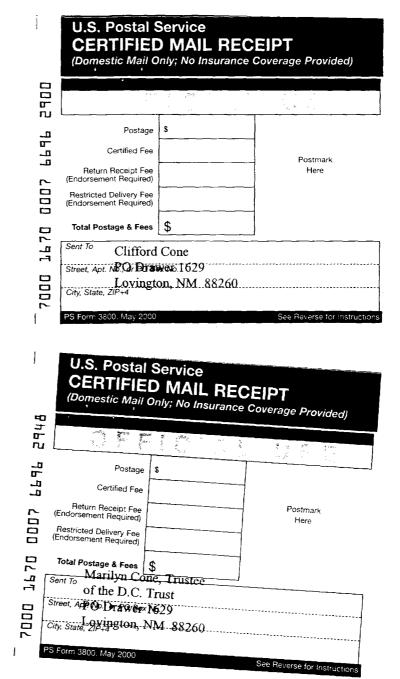
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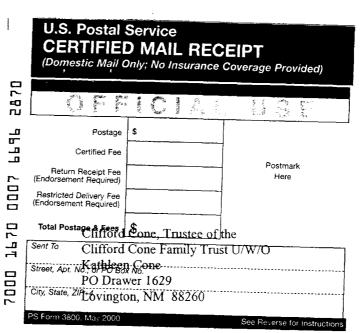
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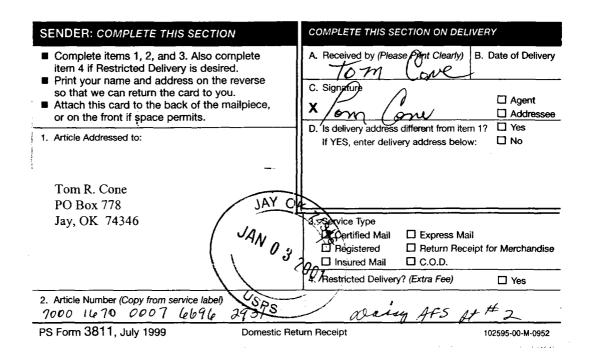
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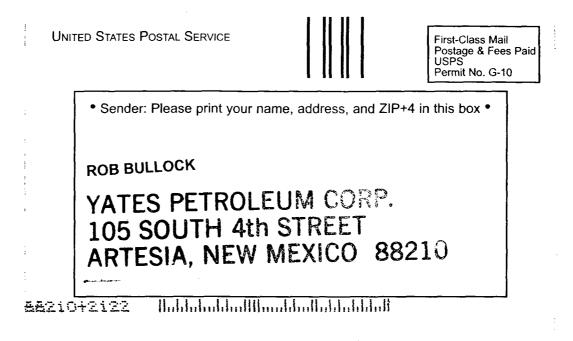
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