

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
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

December 27, 2000

Working Interest Owners
Addressee List Attached

Via Certified Mail

**Re: AFE
Daisy AFS St #2
Township 16 South, Range 35 East
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

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 Petroleum Corp./Ocean Energy Resources, Inc.
Hearing Date: January 11, 2001

DAISY AFS ST #2
ADDRESSEE LIST

Tom R. Cone
PO Box 778
Jay, OK 74346

Kenneth G. Cone
PO Box 11310
Midland, TX 79702

Kenneth G. Cone, Trustee
Kenneth G. Cone Children's Trust
PO Box 11310
Midland TX 79702

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

Clifford Cone
PO Drawer 1629
Lovington, NM 88260

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

Keith Pratt Daniels
PO Box 190766
Dallas, TX 75219

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

The Long Trusts
PO Box 3096
Kilgore, TX 75663

LWJ Partnership
PO Box 64244
Lubbock, TX 79424

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

David H. Arrington Oil & Gas, Inc.
214 West Texas, Suite 400
Midland, TX 79701

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
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