

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

May 22, 2001

**CERTIFIED RETURN RECEIPT**

Ms. Roxy Burkfield  
C/O Robert C. Armijo  
Civerolo, Gralow & Hill PA  
P.O. Box 877  
Albuquerque, New Mexico 87103-0887

Mr. Bryan Solsbery  
Mr. Dean Solsbery Jr.  
C/O Lynn Slade  
Modrall, Sperling, Roehl, Harris & Sisk P.A.  
Bank of America Centre, Suite 1000  
Albuquerque, New Mexico 87103-2165

Re: Township 8 South, Range 26 East, NMPM  
Section 3: NE/4  
Chaves County, New Mexico

Ladies and Gentlemen:

Enclosed please find the AFE for the Coronet TI #3 as referred to in our May 18, 2001 letter in which we proposed the drilling of this well. If you should have any questions please feel free to call me at (505) 748-4349.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Chuck Moran  
Landman

CEM:dr  
Enclosure

New Mexico Oil Conservation Division  
**YATES PETROLEUM CORP.**  
Case No. 12683 - 07/12/01  
Examiner Catanach or Brooks  
**EXHIBIT NO. 8**

7000 1530 0000 1628 0795

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

**OFFICIAL USE**

|                                                   |    |                  |
|---------------------------------------------------|----|------------------|
| Postage                                           | \$ | Postmark<br>Here |
| Certified Fee                                     |    |                  |
| Return Receipt Fee<br>(Endorsement Required)      |    |                  |
| Restricted Delivery Fee<br>(Endorsement Required) |    |                  |
| Total Postage & Fees                              | \$ |                  |

**Sent To** Mr. Bryan Solsbery  
Mr. Dean Solsbery Jr.  
C/O Lynn Slade  
Street, Apt. No., or PO Box No. Harris & Sisk PA  
Bank of America Centre, Suite 1000  
City, State, ZIP+4 Albuquerque, NM 87103 2165

7000 1530 0000 1627 7948

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

**OFFICIAL USE**

|                                                   |    |                  |
|---------------------------------------------------|----|------------------|
| Postage                                           | \$ | Postmark<br>Here |
| Certified Fee                                     |    |                  |
| Return Receipt Fee<br>(Endorsement Required)      |    |                  |
| Restricted Delivery Fee<br>(Endorsement Required) |    |                  |
| Total Postage & Fees                              | \$ |                  |

**Sent To** Roxy Burkfield  
C/O Robert C. Armijo  
Civerolo, Gralow & Hill PA  
Street, Apt. No., or PO Box No. PO Box 877  
City, State, ZIP+4 Albuquerque, NM 87103-0887

| SENDER: COMPLETE THIS SECTION                                                                                                                                                                                                                                                                                            |  | COMPLETE THIS SECTION ON DELIVERY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ul style="list-style-type: none"><li>■ Complete items 1, 2, 3. Also complete item 4 if Restricted Delivery is desired.</li><li>■ Print your name and address on the reverse so that we can return the card to you.</li><li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul> |  | <p>A. Received by (Please Print Name) B. Date of Delivery<br/><b>FRANK LAYNE 05/24/01</b></p> <p>C. Signature<br/><b>X Frank Layne</b> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes<br/>If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type<br/><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail<br/><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise<br/><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> |  |
| 1. Article Addressed to:<br><br>Roxy Burkfield<br>C/O Robert C. Armijo<br>Civerolo, Gralow & Hill PA<br>PO Box 877<br>Albuquerque, NM 87103 0887                                                                                                                                                                         |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |
| 2. Article Number (Copy from service label)<br><b>7000 1530 0000 1627 7948</b>                                                                                                                                                                                                                                           |  | <b>CORONET T1 #3</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |
| PS Form 3811, July 1999                                                                                                                                                                                                                                                                                                  |  | Domestic Return Receipt 102595-00-M-0952                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  |

| SENDER: COMPLETE THIS SECTION                                                                                                                                                                                                                                                                                            |  | COMPLETE THIS SECTION ON DELIVERY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
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| 2. Article Number (Copy from service label)<br><b>7000 1530 0000 1627 7900</b>                                                                                                                                                                                                                                           |  | <b>BURKFIELD, SOLSBERY - PERCENTAGE CORONET</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |
| PS Form 3811, July 1999                                                                                                                                                                                                                                                                                                  |  | Domestic Return Receipt 102595-00-M-0952                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |

| SENDER: COMPLETE THIS SECTION                                                                                                                                                                                                                                                                                            |  | COMPLETE THIS SECTION ON DELIVERY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ul style="list-style-type: none"><li>■ Complete items 1, 2, 3. Also complete item 4 if Restricted Delivery is desired.</li><li>■ Print your name and address on the reverse so that we can return the card to you.</li><li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul> |  | <p>A. Received by (Please Print Name) B. Date of Delivery<br/><b>Juan M Alvarado 5-25-01</b></p> <p>C. Signature<br/><b>X Juan M Alvarado</b> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes<br/>If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type<br/><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail<br/><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise<br/><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> |  |
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| 2. Article Number (Copy from service label)<br><b>7000 1530 0000 1628 0285</b>                                                                                                                                                                                                                                           |  | <b>CORONET T1 #3</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |
| PS Form 3811, July 1999                                                                                                                                                                                                                                                                                                  |  | Domestic Return Receipt 102595-00-M-0952                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |



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

**AUTHORITY FOR EXPENDITURE**  
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO.  
AFE DATE

01-033-0  
1/11/01

AFEND (rev 6/98)

AFE Type:

|                                     |              |
|-------------------------------------|--------------|
| <input checked="" type="checkbox"/> | New Drilling |
| <input type="checkbox"/>            | Recompletion |
| <input type="checkbox"/>            | Re-entry     |

Well Objective:

|                                     |          |
|-------------------------------------|----------|
| <input type="checkbox"/>            | Oil      |
| <input checked="" type="checkbox"/> | Gas      |
| <input type="checkbox"/>            | Injector |

Well Type:

|                                     |             |
|-------------------------------------|-------------|
| <input checked="" type="checkbox"/> | Development |
| <input type="checkbox"/>            | Exploratory |

AFE STATUS:

|                                     |              |
|-------------------------------------|--------------|
| <input checked="" type="checkbox"/> | Original     |
| <input type="checkbox"/>            | Revised      |
| <input type="checkbox"/>            | Final        |
| <input type="checkbox"/>            | Supplemental |

|               |                                                       |               |                    |
|---------------|-------------------------------------------------------|---------------|--------------------|
| LEASE NAME    | Coronet TI #3                                         | PROJ'D DEPTH  | 5,735'             |
| COUNTY        | Chaves                                                | STATE         | New Mexico         |
| FIELD         | Pecos Slope                                           | HORIZON       | Abo/Basement       |
| LOCATION      | Section 3 T8S-R26E, 1,980' N & E                      |               |                    |
| DIVISION CODE | 100                                                   | DIVISION NAME | Oil & Gas Division |
| DISTRICT CODE |                                                       | DISTRICT NAME |                    |
| BRANCH CODE   |                                                       | BRANCH NAME   |                    |
| PROGNOSIS:    | Includes costs to test Ordovician, Wolfcamp, and Abo. |               |                    |

| INTANGIBLE DRILLING COSTS:      |                                          | DRY HOLE | COMP'D WELL |
|---------------------------------|------------------------------------------|----------|-------------|
| 920-100                         | Staking, Permit & Legal Fees             | 2,500    | 2,500       |
| 920-110                         | Location, Right-of-Way                   | 22,000   | 22,000      |
| 920-120                         | Drilling, Footage 5,735' @ \$24.00/ft    | 146,000  | 146,000     |
| 920-130                         | Drilling, Daywork 3 days @ \$7,200/day   | 23,000   | 23,000      |
| 920-140                         | Drilling Water, Fasline Rental           | 17,000   | 17,000      |
| 920-150                         | Drilling Mud & Additives                 | 22,000   | 22,000      |
| 920-160                         | Mud Logging Unit, Sample Bags            | 14,000   | 14,000      |
| 920-170                         | Cementing - Surface Casing               | 12,000   | 12,000      |
| 920-180                         | Drill Stem Testing, OHT                  | 0        | 0           |
| 920-190                         | Electric Logs & Tape Copies              | 20,000   | 20,000      |
| 920-200                         | Tools & Equip. Rntl., Trkg. & Welding    | 9,000    | 9,000       |
| 920-205                         | Control of Well-Insurance                | 1,900    | 1,900       |
| 920-210                         | Supervision & Overhead                   | 10,000   | 10,000      |
| 920-230                         | Coring, Tools & Service                  |          |             |
| 920-240                         | Bits, Tool & Supplies Purchase           | 500      | 500         |
| 920-350                         | Cementing - Production Casing            |          | 20,000      |
| 920-410                         | Completion Unit - Swabbing               |          | 35,000      |
| 920-420                         | Water for Completion                     |          | 10,000      |
| 920-430                         | Mud & Additives for Completion           |          | 1,000       |
| 920-440                         | Cementing - Completion                   |          |             |
| 920-450                         | Elec. Logs, Testing, Etc. - Completion   |          | 20,000      |
| 920-460                         | Tools & Equip. Rental, Etc. - Completion |          | 35,000      |
| 920-470                         | Stimulation for Completion               |          | 120,000     |
| 920-480                         | Supervision & O/H - Completion           |          | 10,000      |
| 920-490                         | Additional LOC Charges - Completion      |          | 5,000       |
| 920-510                         | Bits, Tools & Supplies - Completion      |          | 500         |
| 920-500                         | Contingency for Completion               | 0        | 0           |
| TOTAL INTANGIBLE DRILLING COSTS |                                          | 299,900  | 556,400     |

| TANGIBLE EQUIPMENT COSTS:      |                                     |         |         |
|--------------------------------|-------------------------------------|---------|---------|
| 930-010                        | Christmas Tree & Wellhead           | 1,500   | 10,000  |
| 930-020                        | Casing 8 5/8" @ 1,000'              | 7,700   | 7,700   |
|                                | 5 1/2" @ 5,735'                     |         | 33,000  |
| 930-030                        | Tubing 2 7/8" @ 5,500'              |         | 20,000  |
| 930-040                        | Packer & Special Equipment          |         |         |
| 940-010                        | Pumping Equipment                   |         |         |
| 940-020                        | Storage Facilities                  |         | 8,000   |
| 940-030                        | Separation Equip., Flowlines, Misc. |         | 35,000  |
| 940-040                        | Trucking & Construction Costs       |         | 10,000  |
| TOTAL TANGIBLE EQUIPMENT COSTS |                                     | 9,200   | 123,700 |
| TOTAL COSTS                    |                                     | 309,100 | 680,100 |

IT IS RECOGNIZED THAT THE AMOUNTS PROVIDED FOR HEREIN ARE ESTIMATED ONLY AND APPROVAL OF THIS AFE SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED WHETHER MORE OR LESS THAN HEREIN SET OUT.

|             |                |                     |  |
|-------------|----------------|---------------------|--|
| Prepared By | Cory Frederick | Operations Approval |  |
|-------------|----------------|---------------------|--|

|                                        |          |
|----------------------------------------|----------|
| Yates Petroleum Corporation            | 67.8125% |
| BY <i>John A. Gates</i> DATE 5/18/2001 |          |
| Yates Drilling Company                 | 9.6875%  |
| BY DATE                                |          |
| Myco Industries, Inc.                  | 9.6875%  |
| BY DATE                                |          |
| ABO Petroleum Corporation              | 9.6875%  |
| BY <i>John A. Gates</i> DATE 5/18/2001 |          |

ronet TI #3  
c. 3, T8S-R26E  
aves County, New Mexico

AFE #01-033-0  
Date: 1/11/01  
Page 2

SHARE

ROXY BURKFIELD

3.12500%

y: \_\_\_\_\_ Date: \_\_\_\_\_

BRYAN SOLSBERY

y: \_\_\_\_\_ Date: \_\_\_\_\_

DEAN SOLSBERY JR.

y: \_\_\_\_\_ Date: \_\_\_\_\_

- This interest subject to lawsuit over ownership,  
these parties are possible owners.