Exhibits 1 through 16.

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



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

PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY

DENNIS G. KINSEY
TREASURER

S. P. YATES CHAIRMAN OF THE BOARD

JOHN A. YATES
PRESIDENT

June 23, 1993

Nearburg Exploration Company 402 East Illinois Suite 300 Midland, Texas 79701

> Re: Androcles 'AND' State Com. #1

Gentlemen:

Yates Petroleum Corporation proposes drilling a 10,450' Morrow test at a location 1980' FSL and 1980' FEL of Section 2, Township 22 South-Range 24 East, Eddy County, New Mexico. We invite you to join with us in drilling this well.

Our AFE, in duplicate, and Operating Agreement are enclosed for your review and execution. If satisfactory, please sign and return one copy of the AFE and extra signature page to the Operating Agreement.

If you already have a drilling opinion covering the SW/4 of Section 2, please send a copy so we don't duplicate the work.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Janet Richardson Landman

JR/rab enclosures

P 106 967 495



Receipt for **Certified Mail**

No Insurance Coverage Provided Do not use for International Mail (See Reverse)

Sent to	
NEARBURG PRODUC	
53300 N. "A" Str	eet #8100
P.O., State and ZIP Code	
Postage Midland TX 79	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

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	NMOCD CASE NOS. 10788/10790	. 1:			
1	DATE: 08/12/93	ž.			
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	EXHIBIT NO	7.			

AFE NO. 93-251-0 AUTHORITY FOR EXPENDITURE AFE DATE 6/11/93 **NEW DRILLING & RECOMPLETION** ORPORATION AFE Type: Well Objective: AFE STATUS: Well Type: X New Drilling 105 SOUTH FOURTH STREET X Development loit X Original ARTESIA, NEW MEXICO 88210 X Gas Exploratory Revised Recompletion TELEPHONE (505) 748-1471 Injector Final Androcles 'AND' State Com #1 10450' LEASE NAME PROJ'D DEPTH COUNTY Eddy STATE **New Mexico** LEGAL DESC. 1980' FSL & 1980' FEL LOCATION Section 2-22S-24E **FIELD HORIZON** Morrow **DIVISION NAME DIVISION CODE** 100 Oil & Gas Division DISTRICT CODE DISTRICT NAME **BRANCH CODE BRANCH NAME** PROGNOSIS: COMF'D WELL INTANGIBLE DRILLING COSTS: **DRY HOLE** 6,000 920-100 Staking, Permit & Legal Fees 6,000 25,000 25,000 920-110 Location, Right-of-Way 10450' @ \$17.50/ft 183,000 183,000 920-120 Drilling, Footage 27,000 Drilling, Daywork 6 days @ \$4500/day 27,000 920-130 35,000 35,000 920-140 Drilling Water, Fasline Rental **Drilling Mud & Additives** 25,000 25,000 920-150 5,400 5,400 920-160 Mud Logging Unit, Sample Bags 22,000 22.000 920-170 Cementing - Surface Casing 920-180 Drill Stem Testing, OHT 2 DST's 10,000 10,000 30,000 30,000 920-190 **Electric Logs & Tape Copies** Tools & Equip. Rntl., Trkg. & Welding 23,000 23,000 920-200 15,000 15,000 Supervision & Overhead 920-210 920-220 Contingency Coring, Tools & Service 920-230 Bits, Tool & Supplies Purchase 920-240 Cementing - Production Casing 30,000 920-350 Completion Unit - Swabbing 15.000 920-410 5,500 920-420 Water for Completion Mud & Additives for Completion 920-430 920-440 Cementing - Completion Elec. Logs, Testing, Etc. - Completion 4,600 920-450 9,000 920-460 Tools & Equip. Rental, Etc. - Completion 32,000 Stimulation for Completion 920-470 920-480 Supervision & O/H - Completion 5,000 920-490 Additional LOC Charges - Completion 750 920-510 Bits, Tools & Supplies - Completion 920-500 Contingency for Completion TOTAL INTANGIBLE DRILLING COSTS 406,400 508,250 TANGIBLE EQUIPMENT COSTS: 2,200 930-010 Christmas Tree & Wellhead 17,500 930-020 Casing 5,000 5,000 13-3/8" @ 280 9-5/8" @ 2790 31,300 31,300 7" @ 10450' 115,000 930-030 Tubing 2-7/8" @ 10200 28,000 Packer & Special Equipment 930-040 Pumping Equipment 940-010 940-020 Storage Facilities 15,000 Separation Equip., Flowlines, Misc 940-030 10,000 940-040 **Trucking & Construction Costs** 12,000 TOTAL TANGIBLE EQUIPMENT COSTS 38,500 233,800 444,900 TOTAL COSTS 742,050

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.

Prepared By Bin	Operations Approval	
	OWNER	SHARE
YATES PETROLEUM CORPORATI	ON	20%
BY		
YATES DRILLING COMPANY	YATES PETROLEUM CORP.	10%
BY	BEFORE EXAMINER CATANACH	
MYCC INDUSTRIES, INC.	NMOCD CASE NOS. 10788/10790 DATE: 08/12/93	10%
BY	EXHIBIT NO.	
ABO PETROLEUM CORPORATION		10%
BY	DATE	

Androcles 'AND' State Com. #1 Sec. 2-T22S-R24E Eddy County, New Mexico AFE #93-251-0 Date: 6-11-93 Page 2

SHARE

NEARBURG EXPLORATION COMPANY		50.000000%
Ву	Date	

Nearburg Exploration Company

Exploration and Production 3300 North "A" Street Suite 8100 Midland, Texas 79705 915/686-8235 Fax 915/686-7806 JUL 02 1993

July 1, 1993

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

Re: Well Proposal; Androcles

S/2 of Section 2, T-22-S, R-24-E

Eddy County, New Mexico

M-H Area

Dear Janet:

On this date we received your well proposal for a Morrow test in the S/2 of Section 2, T-22-S, R-24-E Eddy County, New Mexico. As we discussed in our recent meeting, Nearburg Exploration Company has already received a permit to drill a Cisco Canyon test well, dedicating the W/2 of Section 2 as the spacing unit for same. The spacing unit which Yates is proposing would be in direct conflict with our approved permit, assuming that you desire to evaluate the Cisco Canyon formation.

Because your well proposal has been made on acreage already dedicated to a spacing unit, we cannot make an election.

Thank you for your cooperation.

Yours very truly,

Bob Shelton

Consulting Landman

Bob:\ytsandr.ltr

YATES PETROLEUM CORP.
BEFORE EXAMINER CATANACH
NMOCD CASE NOS. 10788/10790
DATE: 08/12/93
EXHIBIT NO.