



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

*Talked w/ Ret on 8/26/85
& reminder him of
our 9/3/85 deadline.*

August 22, 1985

Texaco, Inc.
P. O. Box 2100
Denver, Colorado 80201

Attention: Mr. Ret H. Caltridder

Re: Townshi
Section 23: SW/4
Section 26: N/2, SE/4
Section 27: All
Roosevelt County, New Mexico

Dear Mr. Caltridder:

I was reviewing a copy of my August 13th letter to Mr. E. H. White, of the Midland office, when I noticed a gross error in the said request letter to Texaco. The request portion of the letter should have read:

1. Participate with their interest.
2. Lease the Lands in Section 27 on a one-year term, \$15 per net acre bonus, 3/16ths royalty and additionally lease on a separate oil and gas lease the lands in Section 23 and the lands in Section 26 on two-year terms, paid-up rentals, \$15 per net acre bonus, and 3/16ths royalty.
3. Farmout your interest in the section on a 75% net revenue interest lease, and additionally give Yates a 180-day option farmout for Section 23 and Section 26 individually and on the same terms.

Mr. T. L. Tidwell of the Midland office kindly forwarded the said letter to your office since the well is classified as exploratory rather than developmental. Since we have been unable to contact each other by phone at the time of the writing of this letter, I thought that I might explain that due to the large amount of unfound mineral owners in the spacing unit, Yates has as of yesterday filed a force pooling for a scheduled September 25, 1985 hearing date. Therefore, Yates would prefer to have an answer by 10:00 AM September 3, 1985. If you think that this is an impossible deadline for Texaco to make, let me know.

I look forward to hearing from you concerning this matter.

BEFORE EXAMINER STOGNER

Oil Conservation Division

YATES Exhibit No. 4

Case No. 8711

JB/mw

Very truly yours,

YATES PETROLEUM CORPORATION

Jim Ball

Jim Ball
Landman



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

August 13, 1985

Texaco, Inc.
P.O. Box 3109
Midland, Texas
Attention: E.H. White

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

RE: Township 2 South-Range 29 East
Section 23: SW $\frac{1}{4}$
Section 26: N $\frac{1}{2}$, SE $\frac{1}{4}$
Section 27: All
ROOSEVELT COUNTY, NEW MEXICO

Dear Mr. White:

Yates has been leasing in the captioned sections over the last couple of months and desires to lease the captioned mineral interest owned by Tidewater Association Oil Company/Getty Oil Company, now Texaco. The market value has been established at \$15.00 per acre bonus, five year term, and 3/16 royalty; or no cash bonus three year term and 3/16 royalty. Several 1/8th leases were obtained.

Yates proposes to drill a 7200' wildcat test in the southeast quarter (SE $\frac{1}{4}$) of Section 27: within the next forty-five to sixty days. Based on our past business relationship with you, we expect that Texaco will probably work some sort of lease trade different than that which is disclosed above. Therefore, Yates requests that Texaco do one of the following:

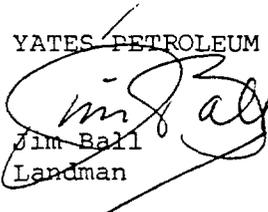
1. Participate with their interest
2. Lease the lands in Section 27 on a one year term, no cash bonus, 3/16 royalty and additionally lease individually the lands in Section 23 and 26 on a two year term, no cash bonus and 3/16 royalty.
3. Farmout your interest in the section on a 75% NRI, and additionally give Yates a 180 day option farmout for Section 23 and 26 individually on the same terms.

Our records show that Texaco owns 37.00 net acres which is 102.74/2080 of the captioned lands.

I look forward to a prompt reply and/or I would be happy to answer any further questions you may have.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



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ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. - TREAS.

August 26, 1985

Edwin H. Magruder, Jr.
200 West Illinois, Suite 110
Midland, Texas 79701

Re: Oil and Gas Leases
Township 2 South, Range 29 East
Section 23: SW/4
Section 26: NW/4
Section 27: All
Roosevelt County, New Mexico

Dear Mr. Magruder:

Enclosed are three (3) original Oil and Gas Leases with the terms shown below:

1. Section 23: SW/4 - 2 years, 3/16ths royalty, no bonus
2. Section 26: NW/4 - 2 years, 3/16ths royalty, no bonus
3. Section 27: All - 6 months, 3/16ths royalty, no bonus

There are six (6) copies of each of the above leases (18 total). These are to be filled in along with the originals by the proper entities, once determined.

Also enclosed are six (6) copies of our Tax Number ID Verification letter. Please complete these forms for each Lessee and return them to our office along with the completed leases.

After our telephone conversation this afternoon, I noticed that we were talking earlier about a shorter term and no bonus. Whereas when I was speaking of a draft on the telephone today, I thought you choose a three year term and \$15.00 an acre. I tried to contact you after my conversation, but there was no answer. This is why there is no draft included in this mailing. So, if you choose to go a three year oil and gas lease, we will be glad to prepare the drafts.

If this is satisfactory, please have the proper executions made for the entities or individuals owning an interest. Return the said leases to our office and retain copies for your records. Please make sure witnesses, notaries, etc. are properly affixed.

Edwin H. Magruder, Jr.
August 27, 1985

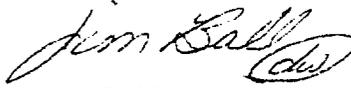
Page 2

If you have any questions, please do not hesitate to contact Mrs. Kathy Colbert of our land department. She will be a little familiar with my activity in this area. I will try to call the office daily until I return on Tuesday, September 3, 1985, the same date that I have to submit names to the attorney handling the force pooling application.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

A handwritten signature in cursive script that reads "Jim Ball". The signature is written in dark ink and includes a stylized flourish at the end.

Jim Ball
Landman

JB/dw

Enclosures



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

July 30, 1985

Edwin H. Magruder Jr.
200 West Illinois
Suite 110
Midland, Texas 79701

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

RE: Cowden Mineral Interest
Township 2 South-Range 29 East
Section 23: SW $\frac{1}{4}$
Section 26: NW $\frac{1}{4}$
Section 27: All
ROOSEVELT COUNTY, NEW MEXICO

Dear Mr. Magruder:

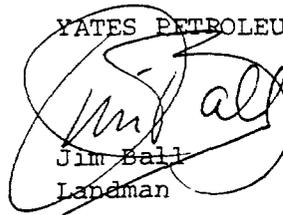
I am in receipt of your letters of July 8th and July 26th on the captioned. I apologize for not exempting your interest from my July 24th letter. At this time, it appears that Yates will propose an approximate 7200' well at a legal location in the SE $\frac{1}{4}$ of Section 27, Township 2 South-Range 29 East, provided that we do not have adverse lease acquisition problems that force us to move our Wildcat test to another area of the township.

In order to accomodate what I feel would be satisfactory to Yates and the interest you represent, we will make the following offer: At your direction, Yates will send you an Oil and Gas Lease covering the proration unit of the well for a term of six months or as long thereafter as production is maintained on the proration unit. As to the remaining captioned lands, they shall be held for a period of two years or as long thereafter as production is maintained on a proration unit basis. There will be no bonus consideration for the interest and the lease will provide 3/16 royalty and paid up rentals.

If these terms meet with your approval, please contact the undersigned at your earliest convenience.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

July 24, 1985

R. B. Cowden
Suite 110
200 West Illinois
Midland, Texas 79701

RE: Township 2 South-Range 29 East NMPM
Section 23: SW $\frac{1}{4}$
Section 26: NW $\frac{1}{4}$
Section 27: All
ROOSEVELT COUNTY, NEW MEXICO

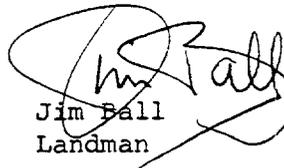
Dear Mr. Cowden:

By a letter dated July 3rd, 1985, Yates Petroleum Corporation informed you of our intentions to lease your interest on terms disclosed in the said letter. Yates will now offer for a five year term, a 3/16 royalty, \$15.00 per acre bonus consideration plus the lease agreement will provide \$1.00 per year /per net acre paid up delay rentals; if you desire a shorter term, Yates will be willing to lease your interest on a no cash bonus basis, three year term, and a 3/16 royalty.

This will be Yates' final offer since our terms are well within the market standards for the area. Our offer will expire Wednesday, August 7th, 1985. If I can be of further assistance to you concerning this matter, or if you desire to lease on one of the two procedures listed above, please do not hesitate to call collect.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

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S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

July 3, 1985

R.B. Cowden
c/o Ed Magruder
200 West Illinois
Suite 110
Midland, Texas 79701

RE: Township 2 South-Range 29 East, NMPM
Section 23: SW $\frac{1}{4}$
Section 26: NW $\frac{1}{4}$
Section 27: All
ROOSEVELT COUNTY, NEW MEXICO

Dear Mr. Magruder:

Yates Petroleum Corporation desires to lease the minerals under the captioned land. Yates is offering to lease the land for \$15.00 per acre on a five year lease, providing a 1/8th royalty. In addition, the lease agreement will provide \$1.00 per year /per net acre paid up delay rentals.

Our records show that the estate owns 60.00 net acres under the captioned lands. On the terms described above, this means Yates Petroleum Corporation would be willing to pay \$570.00 for the 60.00 net acre lease. In case you are not familiar with the activity in this area of Roosevelt County, there are no producing wells in this township, and furthermore there are no producing wells in the surrounding 900 square miles.

If you are interested in leasing your minerals, please call the undersigned collect at your earliest convenience.

Very truly yours,

YATES PETROLEUM CORPORATION



Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

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S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

July 24, 1985

AMAX
P.O. Box 42806
1300 West Bell South
Houston, Texas 77042

RE: Township 2 South-Range 29 East NMPM
Section 26: SE $\frac{1}{4}$, NW $\frac{1}{4}$
Section 27: SE $\frac{1}{4}$, NW $\frac{1}{4}$
ROOSEVELT COUNTY, NEW MEXICO

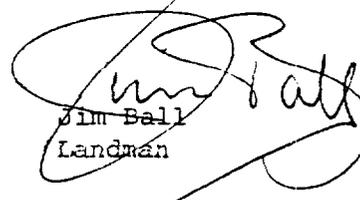
Dear Sirs: :

By a letter dated July 3rd, 1985, Yates Petroleum Corporation informed you of our intentions to lease your interest on terms disclosed in the said letter. Yates will now offer for a five year term, a 3/16 royalty, \$15.00 per acre bonus consideration plus the lease agreement will provide \$1.00 per year /per net acre paid up delay rentals; if you desire a shorter term, Yates will be willing to lease your interest on a no cash bonus basis, three year term, and a 3/16 royalty.

This will be Yates' final offer since our terms are well within the market standards for the area. Our offer will expire Wednesday, August 7th, 1985. If I can be of further assistance to you concerning this matter, or if you desire to lease on one of the two procedures listed above, please do not hesitate to call collect.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

July 3, 1985

AMAX Petroleum Co.
1300 West Belt South
P.O. Box 42806
Houston, Texas 77042

RE: Township 2 South-Range 29 East, NMPM
Section 26: SE $\frac{1}{4}$, NW $\frac{1}{4}$
Section 27: SE $\frac{1}{4}$, NW $\frac{1}{4}$
ROOSEVELT COUNTY, NEW MEXICO

Gentlemen:

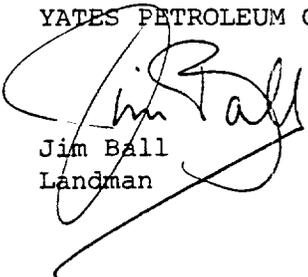
Yates Petroleum Corporation desires to lease your minerals under the captioned land. Yates is offering to lease your land for \$15.00 per acre on a five year lease, providing a 1/8th royalty. In addition, the lease agreement will provide \$1.00 per year /per net acre paid up delay rentals.

Our records show that you own 45.00 net acres under the captioned lands. On the terms described above, this means Yates Petroleum Corporation would be willing to pay you a total of \$855.00 for your 45.00 net acre lease. In case you are not familiar with the activity in this area of Roosevelt County, there are no producing wells in this township, and furthermore there are no producing wells in the surrounding 900 square miles.

If you are interested in leasing your minerals, please call the undersigned collect at your earliest convenience.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

**LEUM
RATION**

MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC..TREAS.

U.S.G.P.O. 1983-403-917
PS Form 3800, Feb. 1982

Sent to <u>Amax Petroleum Company</u>	
Street and No. <u>P. O. Box 42806</u>	
P.O., State, and ZIP Code <u>Houston, TX 77042</u>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

1 STREET
ICO 88210
18-1331

any

Re: Township 2 South, Range 29 East NMPM
Section 26: SE/4, NW/4
Section 27: SE/4, NW/4
Roosevelt County, New Mexico

being sent certified to confirm that you or your representative realizes its importance in addition to notifying Yates that the letter has been received by you rather than lost through the mail.

My July 3rd and 24th letters to you disclosed the terms of our leasing plans in the area. Yates has had very good success in leasing these lands and as a result now desires to drill a 7200' wildcat test on your minerals in the SE/4 of Section 27 sometime in October of this year.

There are a few "lost" mineral owners whom we have been trying to locate but to date, have not been located. Therefore Yates has scheduled a force pooling application for hearing on September 25, 1985. Your interest and name will be added to the application if your interest has not been committed by 10:00 September 3, 1985. The maximum 300% penalty will be requested against the uncommitted acreage since the prospect is of such high risk.

Yates encourages any communication or action you may have in committing your acreage in order to support this wildcat test. Please write, or you may also call collect at your earliest convenience.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/mw



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

September 13, 1985

AMAX Petroleum Corporation
1300 West Belt South
P.O. Box 42806
Houston, Texas 77042
Attention: Mr. Holliday

RE: Paid Up Oil and Gas Lease
Township 2 South-Range 29 East, NMPM
Section 26: SE $\frac{1}{4}$, NW $\frac{1}{4}$
Section 27: SE $\frac{1}{4}$, NW $\frac{1}{4}$
ROOSEVELT COUNTY, NEW MEXICO

Dear Mr. Holliday:

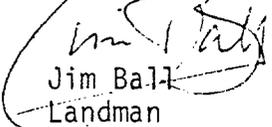
Although in our recent conversation you requested a copy of our Oil and Gas Lease form, I took the liberty of preparing two leases on the basis we discussed. Please review these leases and if they are accepted along with our terms of \$15.00 per net acre, three years and 3/16 royalty, please let me know. Yates will prepare a sight draft in the amount of \$765.00 which includes the \$1.00 paid up rentals if your reply is agreeable.

Please note that Yates Petroleum Corporation omitted a portion of the warranty clause. We also added a rider which limits our depth to 100' below total depth and obligated to send AMAX the well information we receive and in a prompt and reasonable manner just as we would as if AMAX were a working interest owner. Separate leases were also made for each section involved.

If these terms and conditions are acceptable, please contact the undersigned as soon as possible so that the delivery details may be worked out.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg

P.S. If AMAX is not a Texas company, please feel free to adjust the Oil and Gas Lease in the event all other terms and conditions are accepted.

ATWOOD, MALONE, MANN & TURNER

A PROFESSIONAL ASSOCIATION
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SUNWEST CENTRE
ROSWELL, NEW MEXICO 86202
[505] 622-6221

TELECOPIER [505] 624-2883

CHARLES F. MALONE
RUSSELL D. MANN, P. A.
BOB F. TURNER
JOHN W. BASSETT
ROBERT E. SABIN
BRIAN W. COPPLE
ROBERT H. STRAND
STEVEN L. BELL
WILLIAM P. LYNCH
RODNEY M. SCHUMACHER
JOHN S. NELSON

R. TRACY SPROULS
FREDDIE J. ROMERO
GEORGE D. GIDDENS, JR.
LEE M. ROGERS, JR.
TIMOTHY A. LUCAS
ARTHUR P. BROCK
BRIAN D. MILLER

September 20, 1985

William F. Carr, Esquire
Campbell and Black, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87501

RECEIVED

SEP 23 1985

CAMPBELL AND BLACK

Re: OCD Case No. 8711: Yates Petroleum Compulsory
Pooling

Dear Bill:

Our client, June D. Speight of Lovington, received your certified letter of September 17 with respect to the hearing September 25.

You are requested to remove the name of June D. Speight from this proceeding. An agreement for lease has been made with Yates, and the lease forwarded to our client for execution. In our opinion, the land department of Yates made a mistake in including Mrs. Speight in the matter, because, based upon the information we were given, there was no real effort to negotiate a lease prior to the filing of the Yates application.

You may wish to note that the publication for the hearing contains "De Baca County" which is incorrect. The land is in Roosevelt County.

With regard,

Very truly yours,



Charles F. Malone

CFM/bjr

xc: Mrs. June D. Speight
Mrs. Florine Henderson



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

September 18, 1985

Atwood, Malone, Mann and Turner
P.O. Drawer 700
Sunwest Centre
Roswell, New Mexico 88201

Attention: Mr. Charles F. Malone

RE: June D. Speight Mineral Interest
Township 2 South-Range 29 East, NMPM
Section 27: A11
ROOSEVELT COUNTY, NEW MEXICO

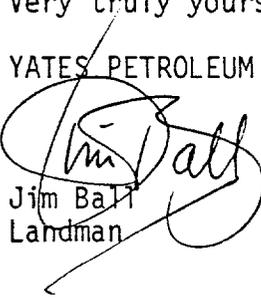
Dear Mr. Malone:

Thank you for the copy of your September 16th letter to Mrs. Speight regarding the captioned Oil and Gas Lease. The changes you made have been reviewed and will be accepted by Yates Petroleum Corporation when the lease is executed and returned. However, the acceptance of these modifications is not a normal policy of Yates Petroleum Corporation.

Thank you for your kind assistance you have given concerning this matter. It is appreciated very much.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

September 13, 1985

Mr. Charles F. Malone, Attorney
Atwood, Malone, Mann and Turner
P.O. Box 700
Roswell, New Mexico 88210

RE: Township 2 South-Range 29 East, NMPM
Section 27: A11
Roosevelt County, New Mexico

Dear Mr. Malone:

Enclosed at your request is a one year Oil and Gas Lease providing for a 3/16 royalty on the captioned land. The \$566.50 draft for lease bonus consideration is based on \$15.00 per net acre for their 37.766154 net acres. I have enclosed a blank form Oil and Gas Lease in the event I have styled this lease incorrectly. Feel free to adjust the lease as you see fit, provided that the terms and conditions remain the same.

I sincerely hope that my medical absence, and the imperfect timing of it did not create any adverse feelings between Yates Petroleum Corporation and the Speight family. Again, the force pooling was only needed because there were several unbound mineral owners and Yates Petroleum Corporation had asked for two or three extensions of time in which to commence our well. An additional extension request would perhaps have damaged our business relationship with DEPCO and NICOR. Yates Petroleum Corporation does not normally have to force pool and does not like the negative image it sometimes expells.

Enclosed with this letter, are the leases mentioned above and also enclosed is a tax form which will need to be filled out and returned to our bank along with the endorsed draft and properly executed Oil and Gas Lease. Please return these materials to:

The First National Bank of Artesia

P.O. Box Drawer AA

Artesia, New Mexico 88210

Attention: Ms. Rita Quintinella

Please retain the copies for your records. If you have any questions concerning this matter, please do not hesitate to call.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

**LEUM
RATION**

PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

Sent to June D. Speight	
Street and No. c/o P. O. Drawer 1687	
P.O., State and ZIP Code Lovington, NM 88260	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

STREET
CO 88210

1331

7
o 88260

Re: Township 2 South, Range 29 East NMPM
Section 22: N/2N/2
Section 23: All
Section 26: N/2, SE/4
Section 27: All
Roosevelt County, New Mexico

This letter is being sent certified to confirm that you or your representative realizes its importance in addition to notifying Yates that the letter has been received by you rather than lost through the mail.

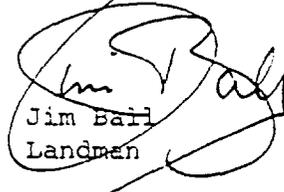
My July 3rd and 24th letters to you disclosed the terms of our leasing plans in the area. Yates has had very good success in leasing these lands and as a result now desires to drill a 7200' wildcat test on your minerals in the SE/4 of Section 27 sometime in October of this year.

There are a few "lost" mineral owners whom we have been trying to locate but to date, have not been located. Therefore Yates has scheduled a force pooling application for hearing on September 25, 1985. Your interest and name will be added to the application if your interest has not been committed by 10:00 September 3, 1985. The maximum 300% penalty will be requested against the uncommitted acreage since the prospect is of such high risk.

Yates encourages any communication or action you may have in committing your acreage in order to support this wildcat test. Please write, or you may also call collect at your earliest convenience.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Bail
Landman

JE/mw

PS Form 3800, Feb. 1982



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

July 24, 1985

June D. Speight
P.O. Drawer 1687
Lovington, New Mexico 88260

RE: Township 2 South-Range 29 East NMPM
Section 22: N $\frac{1}{2}$ N $\frac{1}{2}$
Section 23: All
Section 26: N $\frac{1}{2}$, SE $\frac{1}{4}$
Section 27: All
ROOSEVELT COUNTY, NEW MEXICO

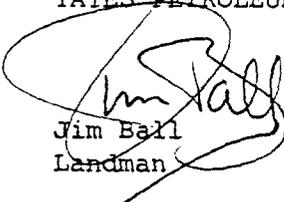
Dear Ms. Speight:

By a letter dated July 3rd, 1985, Yates Petroleum Corporation informed you of our intentions to lease your interest on terms disclosed in the said letter. Yates will now offer for a five year term, a 3/16 royalty, \$15.00 per acre bonus consideration plus the lease agreement will provide \$1.00 per year /per net acre paid up delay rentals; if you desire a shorter term, Yates will be willing to lease your interest on a no cash bonus basis, three year term, and a 3/16 royalty.

This will be Yates' final offer since our terms are well within the market standards for the area. Our offer will expire Wednesday, August 7th, 1985. If I can be of further assistance to you concerning this matter, or if you desire to lease on one of the two procedures listed above, please do not hesitate to call collect.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1331

MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

July 3, 1985

June D. Speight
P.O. Drawer 1687
Lovington, New Mexico 88260

RE: Township 2 South-Range 29 East, NMPM
Section 22: N $\frac{1}{2}$ N $\frac{1}{2}$
Section 23: All
Section 26: N $\frac{1}{2}$, SE $\frac{1}{4}$
Section 27: All
ROOSEVELT COUNTY, NEW MEXICO

Dear Ms. Speight:

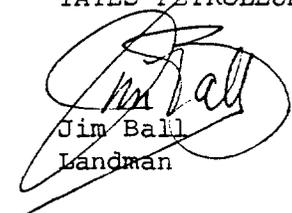
Yates Petroleum Corporation desires to lease your minerals under the captioned land. Yates is offering to lease your land for \$15.00 per acre on a five year lease, providing a 1/8th royalty. In addition, the lease agreement will provide \$1.00 per year /per net acre paid up delay rentals.

Our records show that you own 139.532308 net acres under the captioned lands. On the terms described above, this means Yates Petroleum Corporation would be willing to pay you \$2,651.11 for your 139.532308 net acre lease. In case you are not familiar with the activity in this area of Roosevelt County, there are no producing wells in this township, and furthermore there are no producing wells in the surrounding 900 square miles.

If you are interested in leasing your minerals, please call the undersigned collect at your earliest convenience.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

September 15, 1985

R.B. Cowden Estate and
Barbara Gaye Cowden Estate
c/o Edwin H. Magruder, Jr.
200 West Illinois Suite 110
Midland, Texas 79701

RE: Oil and Gas Leases
Township 2 South-Range 29 East, NMPM
Section 23: SW $\frac{1}{4}$
Section 26: NW $\frac{1}{4}$
Section 27: All
ROOSEVELT COUNTY, NEW MEXICO

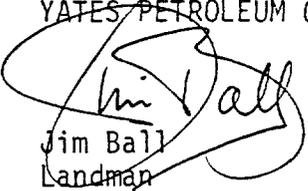
Dear Mr. Magruder:

It has been some time since we have talked concerning your family's interest in the captioned land. Yates plans on drilling a well in the SE $\frac{1}{4}$ of Section 27 within 30 days. Therefore, a force pooling application had to be filed because we have not been able to locate the heirs of H.W. Taylor and Robert E. Le Blond. The pooling hearing has been set for September 25th, 1985. All unleased interest will be pooled if we do not have the actual Oil and Gas Leases by September 23rd. I leave for Santa Fe where the pooling is held the morning of the 24th from Roswell, not Artesia. I am writing this letter to you because I knew you were waiting on the executor's execution and we did not plan or discuss involving the interest in a force pooling.

I look forward to a prompt reply.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

July 24, 1985

Sue Ann S. Campbell
1603 Humbell
Midland, Texas 79701

RE: Township 2 South-Range 29 East NMPM
Section 26: SE $\frac{1}{4}$, NW $\frac{1}{4}$
Section 27: SE $\frac{1}{4}$, NW $\frac{1}{4}$
ROOSEVELT COUNTY, NEW MEXICO

Dear Ms. Campbell:

By a letter dated July 3rd, 1985, Yates Petroleum Corporation informed you of our intentions to lease your interest on terms disclosed in the said letter. Yates will now offer for a five year term, a 3/16 royalty, \$15.00 per acre bonus consideration plus the lease agreement will provide \$1.00 per year /per net acre paid up delay rentals; if you desire a shorter term, Yates will be willing to lease your interest on a no cash bonus basis, three year term, and a 3/16 royalty.

This will be Yates' final offer since our terms are well within the market standards for the area. Our offer will expire Wednesday, August 7th, 1985. If I can be of further assistance to you concerning this matter, or if you desire to lease on one of the two procedures listed above, please do not hesitate to call collect.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JS/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

July 3, 1985

Sue Ann Stoltenberg Campbell
1603 Humble
Midland, Texas 79701

RE: Township 2 South-Range 29 East, NMPM
Section 26: SE/4, NW/4
Section 27: SE/4, NW/4
ROOSEVELT COUNTY, NEW MEXICO

Dear Ms. Campbell:

Yates Petroleum Corporation desires to lease your minerals under the captioned land. Yates is offering to lease your land for \$15.00 per acre on a five year lease, providing a 1/8th royalty. In addition, the lease agreement will provide \$1.00 per year /per net acre paid up delay rentals.

Our records show that you own 8.75 net acres under the captioned lands. On the terms described above, this means Yates Petroleum Corporation would be willing to pay you a total of \$166.25 for your 8.75 net acre lease. In case you are not familiar with the activity in this area of Roosevelt County, there are no producing wells in this township, and furthermore there are no producing wells in the surrounding 900 square miles.

If you are interested in leasing your minerals, please call the undersigned collect at your earliest convenience.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

September 16, 1985

Frazier and Ray
Clay Desta Towers East
P.O. Box 11045
Midland, Texas 79702

Attention: Mr. Charles D. Ray

RE: Sue Ann Stoltenberg Campbell
Lynne W. Stoltenberg Ray
Township 2 South-Range 29 East, NMPM
Section 26: SE $\frac{1}{4}$, NW $\frac{1}{4}$
Section 27: SE $\frac{1}{4}$, NW $\frac{1}{4}$
ROOSEVELT COUNTY, NEW MEXICO

Dear Mr. Ray:

Since our last conversation, Yates has been very successful in acquiring leases from the small number of mineral interest owners whose interest was still unleased. It appears that we presently have a difference of opinion of the market value in this particular area that is keeping us from having the captioned Stoltenberg interest leased or accounted for.

There are two unfound mineral interest owners which have caused Yates to file a force pooling hearing for September 25, 1985. All unleased mineral interest at that time will be subject to the results of the said pooling. Yates will recommend a maximum 300% penalty apply since our location is classified as a rank wildcat in an unactive area.

I sincerely hope you will reconsider our offer of \$15.00 bonus, plus \$1.00 per year per acre paid up rentals; one year term on the lands in Section 27 and a three year term on lands in Section 26; and providing for a 3/16 royalty. A separate lease for each section is provided along with the draft. A copy of this letter and similar leases have been sent to Mrs. Campbell.

If these terms are satisfactory to you, then please ^{have Mrs. Ray & Mrs. Campbell} sign and return the draft, tax form and the original oil and gas leases to:

The First National Bank of Artesia
P.O. Box Drawer AA
Artesia, New Mexico 88210
Attention: Ms. Rita Quintinella

Please retain copies for your records.

We would prefer to have in hand your leases by or on September 23rd as I will be leaving from Roswell on the morning of the 24th rather than from Artesia in order to prepare for the hearing in Santa Fe.

I will be happy to discuss any questions you may have concerning this matter.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

July 24, 1985

Lynne W. Stoltenberg Ray
31 Saddle Club Drive
Midland, Texas 79705

RE: Township 2 South-Range 29 East NMPM
Section 26: SE $\frac{1}{4}$, NW $\frac{1}{4}$
Section 27: SE $\frac{1}{4}$, NW $\frac{1}{4}$
ROOSEVELT COUNTY, NEW MEXICO

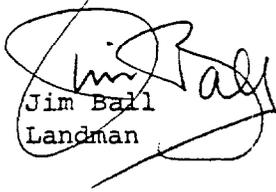
Dear Ms. Stoltenberg Ray:

By a letter dated July 3rd, 1985, Yates Petroleum Corporation informed you of our intentions to lease your interest on terms disclosed in the said letter. Yates will now offer for a five year term, a 3/16 royalty, \$15.00 per acre bonus consideration plus the lease agreement will provide \$1.00 per year /per net acre paid up delay rentals; if you desire a shorter term, Yates will be willing to lease your interest on a no cash bonus basis, three year term, and a 3/16 royalty.

This will be Yates' final offer since our terms are well within the market standards for the area. Our offer will expire Wednesday, August 7th, 1985. If I can be of further assistance to you concerning this matter, or if you desire to lease on one of the two procedures listed above, please do not hesitate to call collect.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

July 3, 1985

Lynn Waite Stoltenberg Ray
31 Saddle Club Drive
Midland, Texas 79705

RE: Township 2 South-Range 29 East, NMPM
Section 26: SE/4, NW/4
Section 27: SE/4, NW/4
ROOSEVELT COUNTY, NEW MEXICO

Dear Ms. Ray :

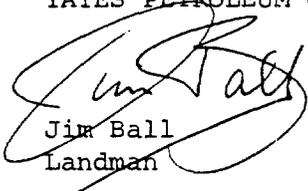
Yates Petroleum Corporation desires to lease your minerals under the captioned land. Yates is offering to lease your land for \$15.00 per acre on a five year lease, providing a 1/8th royalty. In addition, the lease agreement will provide \$1.00 per year /per net acre paid up delay rentals.

Our records show that you own 8.75 net acres under the captioned lands. On the terms described above, this means Yates Petroleum Corporation would be willing to pay you a total of \$166.25 for your 8.75 net acre lease. In case you are not familiar with the activity in this area of Roosevelt County, there are no producing wells in this township, and furthermore there are no producing wells in the surrounding 900 square miles.

If you are interested in leasing your minerals, please call the undersigned collect at your earliest convenience.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

August 13, 1985

Mr. Carl Schellinger
P.O. Box 447
Roswell, New Mexico 88201

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

RE: Bruce K. Matlock Estate
Township 2 South-Range 29 East, NMPM
Section 22: $N\frac{1}{2}N\frac{1}{2}$
Section 23: All
Section 26: $N\frac{1}{2}, SE\frac{1}{4}$
Section 27: All
ROOSEVELT COUNTY, NEW MEXICO

Dear Carl:

Yates has been leasing in the captioned sections over the last couple of months and desires to lease the captioned mineral interest you represent. That market value has been established at \$15.00 per acre bonus, five year term, and 3/16 royalty; or no cash bonus, three year term and 3/16 royalty. Some 1/8th leases were obtained.

Yates proposes to drill a 7200' wildcat test in the southeast quarter of Section 27 within approximately forty-five days. Based on our past business relationship with you, we expect that you will probably lease on a different basis than that which is disclosed above. Therefore, Yates proposes that you lease Section 27 on a one year lease and Sections 22, 23, and 26 each on separate two year leases on a no-cash bonus and 3/16 royalty.

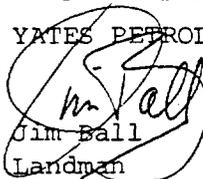
Our records show that the captioned estate owns 139.602093 net acres. This is broken down as follows:

Section 22: $N\frac{1}{2}N\frac{1}{2}$	1/10	16
Section 23: $E\frac{1}{2}NW\frac{1}{4}$	1/10	48
Section 23: $SW\frac{1}{4}$	<u>122.8534</u>	9.452062
	2080	
Section 26: $E\frac{1}{2}, NW\frac{1}{4}$	<u>122.8534</u>	28.350785
	2080	
Section 27: All	<u>122.8534</u>	37.801046
	2080	
		Total net acres: 139.602093

I look forward to your prompt reply and/or would be happy to answer further questions you may have.

Very truly yours,

YATES PETROLEUM CORPORATION


Jim Ball
Landman

JB/kg



207 SOUTH FOURTH STREET
 ARTESIA, NEW MEXICO 88210
 TELEPHONE (505) 748-1331

August 23, 1985

Carl A. Schellinger
 P. O. Box 447
 Roswell, New Mexico 88201

Re: Bonnie H. Morrison Mineral Interest
 Township 2 South, Range 29 East
 Section 22: N/2, N/2
 Section 23: All
 Section 26: N/2, SE/4
 Section 27: All
 Roosevelt County, New Mexico

Dear Carl:

Pursuant to our telephone conversation of this date, I have enclosed four (4) original oil and gas leases which together cover the entire captioned lands.

Mrs. Morrison owns 139.602093 net acres and Yates is paying her \$15.00 per net acre as bonus consideration for three year terms and 3/16ths royalties. Paid up rentals are included in the draft amount of \$2373.23. At your request, the interest was prepared on a 342 form lease form and on a one lease per section basis.

If the above meets with your approval, please have Mrs. Morrison execute the originals of the Oil and Gas Leases before a Notary Public, endorse the draft and send them together for collection to:

First National Bank of Artesia
 P. O. Drawer AA
 Artesia, New Mexico 88210
 Attention: Rita Quintinella

Carl:
 Please fill in her
 Depository bank info
 on each OGL &
 you may want to
 ch. the draft amount
 from the info on
 map 8/13/85 letter
 to you. Thanks
 Jim

Carl A. Schellinger
August 23, 1985

Page 2

Please retain the copies for her records. Should you have any further questions, please call me collect at (505) 748-1331. Thank you.

Yours very truly,

YATES PETROLEUM CORPORATION

A handwritten signature in black ink, appearing to read "Jim Ball", written over a circular scribble.

Jim Ball
Landman

JB/dw

Enclosures

P.S. Carl, we are not interested in acquiring leasehold rights in the federal lease in the E/2 NE/4 of Section 8, Township 2 South, Range 29 East, at this time. However, we do appreciate you letting us know it is available. Thank you.