



January 25, 1990

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attn: Mr. Robert Bullock

Re: Farmout Agreement
NM-59392
Anadarko Petroleum Yates Fed "35" #1
1650' FEL and 660' FNL Section 35, T19S-
R32E, Lea County, New Mexico

Gentlemen:

This letter is written to confirm our understanding that Yates Petroleum Corporation agrees to farmout the referenced acreage to Anadarko Petroleum Corporation for the drilling of a 7,900' Bone Spring Lime test well at a location 1650' FEL and 660' FNL Section 35, T19S-R32E, Lea County, New Mexico.

If the test well is commenced on or before February 28, 1990 and completed as a producer of oil and/or gas, Anadarko will earn an assignment of Operating Rights covering the N/2 Section 35, from surface to 100' below total depth drilled in the test well, subject to an overriding royalty interest to be retained by Yates equal to the difference between 25% and existing royalty and lease burdens. In addition, the Assignment of Operating Rights will contain a continuous development obligation with 120 days between wells.

At your earliest convenience, please pay the sixth year rental and prepare a formal farmout agreement containing the trade as described above.

Yours very truly,

A handwritten signature in black ink, appearing to read "Michael R. Goode".

Michael R. Goode
Division Landman

MRG/jad

YATES PETROLEUM CORPORATION
Case No. 9964
06/27/90 Examiner Hearing
Exhibit No. 5

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
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

February 5, 1990

Department of the Interior
Bureau of Land Management
Post Office Box 1449
Santa Fe, New Mexico 87504-1149

Re: NM-59392
Anadarko - Yates "35" Fed. #1
Township 19 South, Range 32 East, NMPM
Section 35: Lots 1-4 Incl. N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$
Lea County, New Mexico

Gentlemen:

Anadarko Petroleum Corporation, as operator, is planning to drill a well at a location 1,650' FEL and 800' FNL in Section 35 on the captioned lease to test the Bone Springs Formation at approximately 7,900' and will be diligently prosecuting these operations across the expiration date of this lease.

Accordingly, check #22883 in the amount of \$637.00 has been mailed to Minerals Management Service to cover the sixth year rental payment for this lease.

We hereby request that said lease be extended for two years and as long thereafter as oil or gas is produced in paying quantities pursuant to 43 CFR 3127.2.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB/pp
Enclosure

cc: MMS

CERTIFIED MAIL

YATES BUILDING
207 SOUTH 4TH STREET
746-3888

YATES PETROLEUM CORPORATION

— LEASE RENTAL ACCOUNT —

FILE NO. 401-1072
CHECK NO. 22883
No. 22883

TO THE FIRST NATIONAL BANK 95-43
OF ARTESIA ARTESIA, NEW MEXICO 1122

ARTESIA, NEW MEXICO LEASE NO. NM-59392
February 5, 1990

PAY THE SUM 637 000 00 \$637.00

TO ORDER OF BRASS - Dept. of Interior
Minerals Management Service
P. O. Box 5640, T.A.
Denver, Colorado 80217

YATES PETROLEUM CORPORATION
— LEASE RENTAL ACCOUNT —



⑆⑆⑆2200439⑆

69⑆409⑆6⑆

DETACH BEFORE DEPOSITING CHECK

YATES PETROLEUM CORPORATION
207 SOUTH 4TH ST. - ARTESIA, NEW MEXICO - 88210

THE ATTACHED CHECK IS TENDERED IN FULL
PAYMENT OF DELAY RENTALS LISTED HEREON

No. 22883

NAME AND ADDRESS	AMOUNT	PERIOD		LEASE DATED
		FROM	TO	
Sixth year rental on Oil & Gas Lease NM-59392	\$637.00	3/1/90	3/1/91	3/1/85
Anadarko - Yates "35" Fed. #1		LESSOR USA. LESSEE YPC COVERING 636.08 ACRES, MORE OR LESS, IN Sec. 35, T19S-R32E, NMPM Lea County, New Mexico		

RECEIVED ON THIS DAY _____ 19____

NOTE: PLEASE SIGN, DATE AND RETURN

THIS RECEIPT BY NEXT MAIL

(FOR INDIVIDUAL USE)

NAME _____

BY _____

TITLE _____

(FOR BANK OR CORPORATION USE)

(FOR _____ OR CORPORATION USE)



January 24, 1990

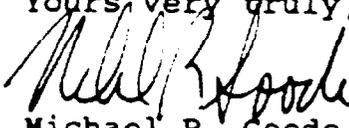
Mr. Sim Christy
Christy Law Offices
P. O. Box 569
Roswell, NM 88202-0569

Re: Drilling Title Opinion
Sec. 35, T19S-R32E
NM-59392
Lea County, New Mexico

Dear Mr. Christy:

Anadarko has just confirmed a Farmin Agreement with Yates Petroleum Corporation on the referenced lease which is due to expire February 28, 1990. We are furiously pursuing the permitting process and hope to have an authorized well location 1650' FEL and 660' FNL Section 35 so that we may commence drilling just in the nick of time.

We request from you a drilling title opinion covering the referenced lease. Please call me at your earliest convenience concerning an estimated date for completing your opinion.

Yours, very truly,

Michael R. Goode
Division Landman

MRG/jad

(December 1983)

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIPT AND ACCOUNTING ADVICE

NO. 1392754

Subject: Application-Off Lease Access Rd.
(Yates 35 Fed #1)
Applicant

PLSALAS:Carlsbad Resource Area, NM
02/02/90 415702 (025) \$375.00

Anadarko Production
Right-of-Way Department
P. O. Box 2497
Midland, TX 79702

Remitter

Assignor

SERIAL NO.
NM 62341 (NE)

REFER TO THE ABOVE CASE SERIAL NUMBER IN ALL CORRESPONDENCE. PLEASE INFORM THIS OFFICE OF ANY CHANGE IN ADDRESS.

NOTE: This notice is a receipt for monies paid the United States. If these monies are for required fees in connection with application to lease, purchase, enter, or otherwise acquire an interest in public lands or resources, this receipt is not an authorization to utilize the land applied for and it does not convey any right, title, or interest in the land for which application is made.

Check #70 10000

RECEIPT

ANADARKO PETROLEUM CORPORATION

P. O. BOX 2497 PH. 915-682-1000
MIDLAND, TX 79702

7284

88-1465/1163

January 30, 1990

PAY TO THE ORDER OF Bureau of Land Management

\$ 375.00

Three Hundred Seventy Five and no/100-----DOLLARS

	ROW	
	Yates "35" Fed #1	375.00

H E Shirley

THIS CHECK IS DELIVERED FOR PAYMENT ON THE ACCOUNT'S STATE

⑈007284⑈ ⑆116314651⑆ ⑈1001108⑈

Right of way - Yates "35" Fed #1

9373-1210-c1

no
2/6/90