

UNIT NAME: MERLE STATE EXPLORATORY UNIT
OPERATOR: YATES PETROLEUM CORPORATION
COUNTY: LEA

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 03/12/2004		7351.04	7351.04	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--03-12-2004
OCD--03-02-2004 CASE NO. 13223
ORDER NO. R-12114

TOWNSHIP 10 SOUTH, RANGE 34 EAST

SECTION 1: Lots 1, 2, 3, 4, S/2N/2, S/2

SECTION 11: ALL

SECTION 12: ALL

SECTION 13: ALL

SECTION 14: ALL

SECTION 23: ALL

SECTION 24: ALL

SECTION 25: ALL

TOWNSHIP 10 SOUTH, RANGE 35 EAST

SECTION 6: Lots 1, 2, 3, 4, 5, 6, 7, S/2NE/4, SE/4NW/4, W/2SW/4, SE/4

SECTION 7: Lots 1, 2, 3, 4, E/2W/2, E/2

SECTION 18: Lots 1, 2, 3, 4, E/2W/2, E/2

SECTION 19: Lots 1, 2, W/2NW/4, NE/4

RECEIVED

MAR 19 2004

Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

P/B 4900

[illegible]

EXHIBIT "B"
Merle State Exploratory Unit
Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1.	<u>T10S, R34E</u> Sec. 14: N2 Lea County, NM	320.00	VA-1945 4/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
2.	<u>T10S, R34E</u> Sec 14: S2 Lea County, NM	320.00	VA-1944 4/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
3.	<u>T10S, R34E</u> Sec 23: N2 Lea County, NM	320.00	VA-1946 4/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
4.	<u>T10S, R34E</u> Sec 23: S2 Lea County, NM	320.00	VA-1947 4/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
5.	<u>T10S, R34E</u> Sec 24: W2 Lea County, NM	320.00	VA-1949 4/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
6.	<u>T10S, R34E</u> Sec 24: E2 Lea County, NM	320.00	VA-1948 4/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
7.	<u>T10S, R34E</u> Sec 25: W2 Lea County, NM	320.00	VA-1951 4/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
8.	<u>T10S, R34E</u> Sec 25: E2 Lea County, NM	320.00	VA-1950 4/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
9.	<u>T110S, R34E</u> Sec 1: Lots 3, 4, S2NW, SW Lea County, NM	319.88	VO-5552 7/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.

EXHIBIT "B"
Merle State Exploratory Unit
Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST	
10.	T10S, R34E Sec 1: Lots 1, 2, S2NE, SE Lea County, NM	319.96	VA-2001 7/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
11.	T10S, R34E Sec 12: W2 Lea County, NM	320.00	VO-5559 7/1/04	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
12.	T10S, R34E Sec 12: E2 Lea County, NM	320.00	VA-2002 7/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
13.	T10S, R34E Sec 13: W2 Lea County, NM	320.00	VO-5560 7/1/04	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
14.	T10S, R34E Sec 13: E2 Lea County, NM	320.00	VA-1991 7/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
15.	T10S, R34E Sec 11: W2 Lea County, NM	320.00	VA-2134 3/1/05	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
16.	T10S, R34E Sec 11: E2 Lea County, NM	320.00	VA-2133 3/1/05	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
17.	T10S, R35E Sec 6: Lots 1, 2, 3, 4, 5, S2NE, SENW (N2) Lea County, NM	318.35	VA-2375 2/1/06	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
18.	T10S, R35E Sec 6: Lots 6,7 (W2SW) E2SW, SE Lea County, NM	318.41	VA-2359 2/1/06	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%

EXHIBIT "B"
Merle State Exploratory Unit
Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
19.	T10S, R35E Sec 7: Lots 1, 2 (W2NW) NE, E2NW Lea County, NM	318.52 <i>NMEN</i>	VA-2376 2/1/06 <i>F/c</i>	State of New Mexico 1/8	Yates Petroleum Corporation	<i>2/2/04</i> None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. <i>2/3/04</i> 70.000% 10.000% 10.000% 10.000%
20.	T10S, R35E Sec 7: Lots 3, 4 (W2SW) E2SW, SE Lea County, NM	318.68 <i>NMEN</i>	VA-2360 2/1/06 <i>F/c</i>	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.000% 10.000% 10.000% 10.000%
21.	T10S, R35E Sec 18: Lots 1, 2, (W2NW) NE, E2NW Lea County, NM	318.87 <i>NMT</i>	VA-2380 2/1/06 <i>F/c</i>	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.000% 10.000% 10.000% 10.000%
22.	T10S, R35E Sec 18: Lots 3, 4 (W2SW) E2SW, SE Lea County, NM	319.09 <i>NMT</i>	VA-2363 2/1/06 <i>F/c</i>	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.000% 10.000% 10.000% 10.000%
23.	T10S, R35E Sec 19: Lots 1, 2, (W2NW) NE, E2NW Lea County, NM	319.28 <i>NMT</i>	VA-2438 4/1/06 <i>F/c</i>	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.000% 10.000% 10.000% 10.000%
Total		7351.04					
Total State		7351.04					