

RECEIVED

MAR 29 2005

OIL CONSERVATION
DIVISION

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

DATE	OCC CASE NO.	TOTAL	STATE	FEDERAL	INDIAN	SEGREGATION	TERM
APPROVED	OCC ORDER NO.	ACREAGE			FEE	CLAUSE	

EFFECTIVE		5442.24	5442.24	0	0	STRICT	5 YEARS
03/21/2005							SO LONG AS

APPROVALS

SLO--03-21-2005
OCD--03-14-2005 CASE NO. 13403
ORDER NO. R-12304

John D. Jones
3/31/05
OCD

TOWNSHIP 10 SOUTH, RANGE 32 EAST
SECTION 3: Lots 1, 2, 3, 4, S/2N/2, S/2
SECTION 4: Lots 1, 2, 3, 4, S/2N/2, S/2
SECTION 5: Lots 1, 2, 3, 4, S/2N/2, S/2
SECTION 8: ALL
SECTION 9: ALL
SECTION 10: W/2, N/2SE/4, NE/4
SECTION 15: W/2, W/2SE/4
SECTION 16: ALL
SECTION 17: ALL

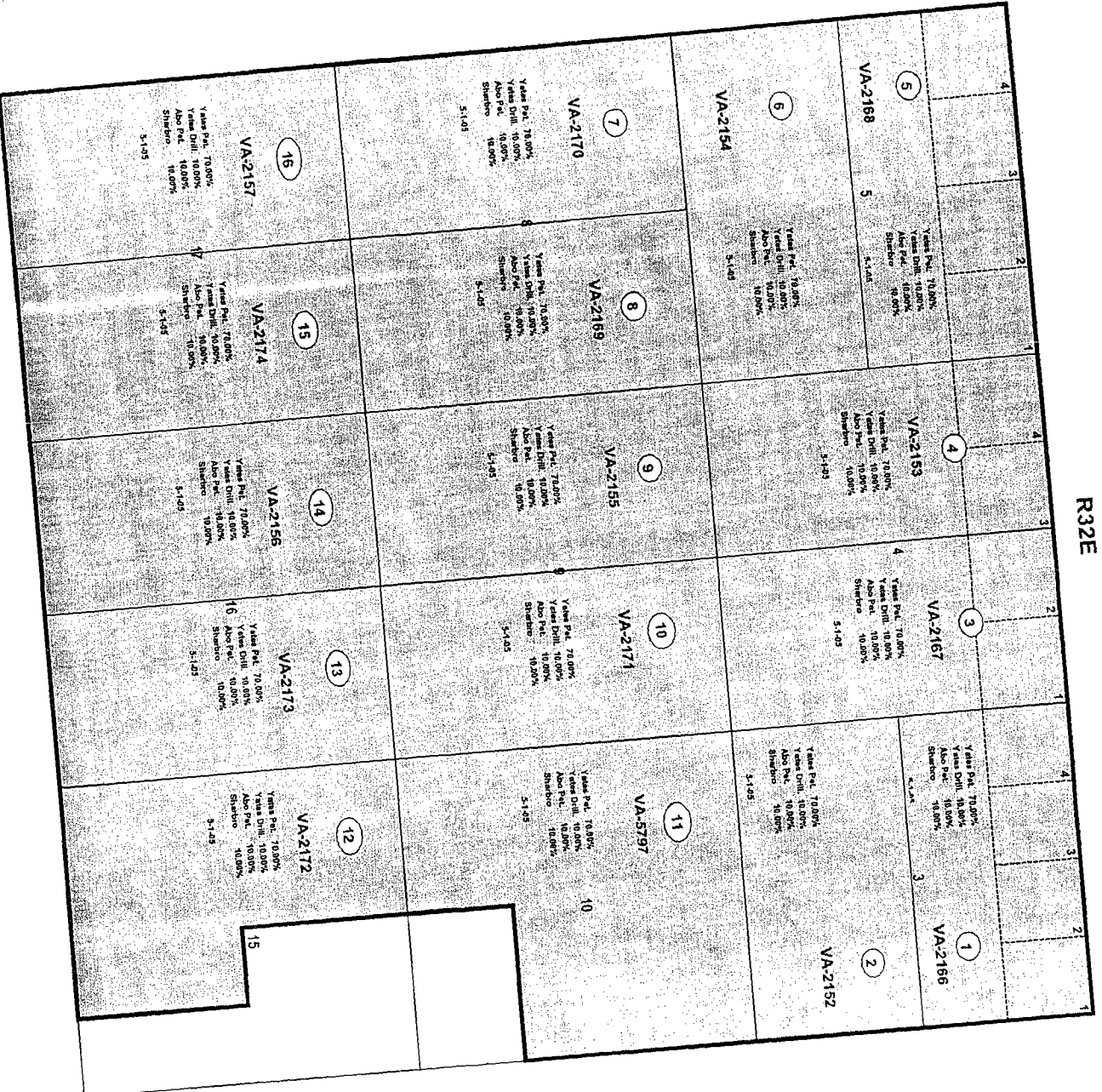


EXHIBIT "A"

Indicates Unit Area
Scale 2 1/4 inches = 1 mile

Yates Petroleum Corporation
Fender State Exploratory Unit Area
Lea County, New Mexico

Exhibit B
Fender State Unit Area
Lea County
New Mexico

Tract No.	Description of Land	No. of Acres	Lease Serial No.	Lease Expiration Date	Lessor & Royalty	Lessee of Record	%	Overriding Royalty and	%	Working Interest Owner and Percentage	%
1	Township 10 South, Range 32 East Sec. 3: lots 1-4, S/2NW/2 C-5	320.30	VA-2166	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
2	Township 10 South, Range 32 East Sec. 3: S/2 C-5	320.00	VA-2152	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
3	Township 10 South, Range 32 East Sec. 4: Lots 1, 2, S/2NE/4, SE/4 C-5	320.48	VA-2167	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
4	Township 10 South, Range 32 East Sec. 4: Lots 3, 4, S/2NW/4, SW/4 C-5	320.57	VA-2153	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
5	Township 10 South, Range 32 East Sec. 5: Lots 1-4, S/2NW/2 C-5	320.89	VA-2168	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
6	Township 10 South, Range 32 East Sec. 5: S/2 C-5	320.00	VA-2154	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
7	Township 10 South, Range 32 East Sec. 8: W/2 C-5	320.00	VA-2170	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
8	Township 10 South, Range 32 East Sec. 8: E/2 C-5	320.00	VA-2169	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%

Exhibit B
Fender State Unit Area
Lea County
New Mexico

Tract No.	Description of Land	No. of Acres	Lease Serial No.	Lease Expiration Date	Lessor & Royalty	Lessee of Record	%	Overriding Royalty and	%	Working Interest Owner and Percentage	%
9	Township 10 South, Range 32 East Sec. 9: W/2 C-S	320.00	VA-2155	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Shabro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
10	Township 10 South, Range 32 East Sec. 9: E/2 C-S	320.00	VA-2171	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Shabro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
11	Township 10 South, Range 32 East Sec. 10: W/2, NE/4, N/2SE/4 C-S	560.00	VO-5797	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Shabro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
12	Township 10 South, Range 32 East Sec. 15: W/2, W/2SE/4 C-S	400.00	VA-2172	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Shabro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
13	Township 10 South, Range 32 East Sec. 16: E/2 C-S	320.00	VA-2173	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Shabro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
14	Township 10 South, Range 32 East Sec. 16: W/2 C-S	320.00	VA-2156	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Shabro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
15	Township 10 South, Range 32 East Sec. 17: E/2 C-S	320.00	VA-2174	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Shabro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
16	Township 10 South, Range 32 East Sec. 17: W/2 C-S	320.00	VA-2157	05/01/05	State of NM 12.50%	Yates Petroleum Corporation	100.00%	None	0.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Shabro Oil Ltd. Co.	70.00% 10.00% 10.00% 10.00%
	16 State Tracts 5, 442, 24 acres 100%										



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

RECEIVED
Fax (505) 827-5766
www.nmstatelands.org

MAR 29 2005

OIL CONSERVATION
DIVISION

March 21, 2005

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attn: Mr. Robert Bullock

Re: Final Approval
Fender State Exploratory Unit
Lea County, New Mexico

Dear Mr. Bullock:

This office is in receipt of your letter of March 18, 2005 requesting final approval of the Fender State Exploratory Unit Agreement, Lea County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Fender State Exploratory Unit Agreement. The effective date of your agreement is March 21, 2005.

It is our understanding that all tracts are committed to the unit agreement at this time.

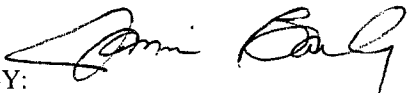
Enclosed are (5) Certificates of Approval.

Your \$270.00 filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY
Oil, Gas & Minerals Division
(505) 827-5744
PL/JB/pm

pc: Reader File,
OCD-Santa Fe, Attn: Mr. Roy Johnson
TRD-Attn: Mr. Valdean Severson
RMD-Attn: Ms. Linda Vieira
Mr. William F. Carr

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University