



13383

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

May 24, 2006

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

Attn: Mr. Robert Bullock

Re: Boots State Unit Well No. 1
SW/4NW/4 (E) Sec. 9-11S-35E
Commercial Well Determination
Lea County, New Mexico

Dear Mr. Bullock:

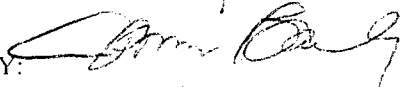
Thank you for your letter of May 17, 2006 with data that supports the commercial determination regarding the Boots State Unit Well No. 1. The Commissioner of Public Lands concurs with this determination that the well is a commercial well in the Atoka formation.

Please submit your 2006 plan of development for this unit area.

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, Director
Oil, Gas and Minerals Division
(505) 827-5744
PL/JB/pm

pc: Reader File,
OCD-Attention: Mr. Roy Johnson
Valdean Severson
RMD-Attn: Ms. Linda Vieira

-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



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RECEIVED

December 7, 2004

DEC 08 2004

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

OIL CONSERVATION
DIVISION

Attention: Mr. Robert Bullock

Re: Preliminary Approval
Proposed Boots State Exploratory Unit
Lea County, New Mexico

Dear Mr. Bullock:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Boots State Exploratory Unit area, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:
 - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. That such unit agreement is in other respects for the best interest of the trust.
3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

-State Land Office Beneficiaries -

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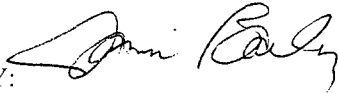
Yates Petroleum Corporation
December 7, 2004
Page 2

5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement (if applicable).
7. Copies of all the well records for the initial unit well.
8. Your filing fee in the amount of \$240.00 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, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/pm

cc: QCD-Santa Fe, Attention: Mr. Roy Johnson
William F. Carr

RECEIVED

JAN 13 2005



OIL CONSERVATION
DIVISION
PATRICK H. LYONS
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State of New Mexico
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COMMISSIONER'S OFFICE

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January 11, 2005

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Attn: Mr. Robert Bullock

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

Dear Mr. Bullock:

This office is in receipt of your letter of January 7, 2005, requesting final approval of the Boots 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 Boots State Exploratory Unit Agreement. The effective date of your agreement is January 11, 2005.

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

Enclosed are (5) Certificates of Approval.

Your \$240.00 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

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over the printed name and title.

BY:
JAMI BAILEY, Director,
Oil, Gas and 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: Mr. Kurt McFall

-State Land Office Beneficiaries -

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UNIT NAME: BOOTS 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 01/11/2005	CASE NO. 13383 ORDER NO. R-12254	4619.46	4619.46	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--01-11-2005
OCD--01-03-2005

TOWNSHIP 11 SOUTH, RANGE 35 EAST

SECTION 3: LOTS 1, 2, 3, 4, S/2
SECTION 4: LOTS 1, 2, 3, 4, S/2
SECTION 8: ALL
SECTION 9: ALL
SECTION 10: ALL
SECTION 15: ALL
SECTION 16: ALL
SECTION 17: ALL

EXHIBIT A

R34E

31	32
Yates Pet, etal 5-15-2005	Yates Pet, etal 5-18-2005 5-20-2005
Yates Pet, etal 5-23-2005	Yates Pet, etal 5-23-2005
Yates Pet, etal 5-23-2005	Yates Pet, etal 5-23-2005

<p>Yates Pet, etal VA 1314 5</p> <p>Tri-Serv. E Atter St. Sago Springs State M Diamond</p>	<p>Yates Pet, etal VA 1349 15 20</p> <p>State M Diamond</p>	<p>Yates Pet, etal VA 2135 31042 4</p> <p>State Diamond & Half (5)</p>	<p>R35E</p> <p>Yates Pet, etal VA 5811 187 93</p> <p>3</p> <p>State Diamond & Half (5)</p>	<p>Yates Pet, etal VA 2143 10 13</p> <p>2</p> <p>State Diamond & Half (5)</p>
<p>Yates Pet, etal 2-1-2005 V-5719 112 50</p> <p>8</p> <p>State</p>	<p>Yates Pet, etal 2-1-2005 V-5718 56 23</p> <p>State M Diamond & Half (5)</p>	<p>Yates Pet, etal 6-1-2005 V-5828 15 91</p> <p>9</p> <p>State Diamond & Half (5)</p>	<p>Yates Pet, etal 6-1-2005 V-5812 162 32</p> <p>10</p> <p>Mag 4-136 TO 5508 MA 4 10 44</p> <p>State Diamond & Half (5)</p>	<p>Yates Pet, etal 6-1-2005 V-5829 15 93</p> <p>11</p> <p>State Diamond & Half (5)</p>
<p>Yates Pet, etal 3-1-2005 VA-2136 206 23</p> <p>17</p> <p>Yates Pet, etal 3-1-2005 VA-2137 240 63</p> <p>Signal West Ranger Lake Unit TO 13460 DMA 11 40 34</p> <p>State</p>	<p>Yates Pet, etal 8-1-2005 V-5906 15 23</p> <p>16</p> <p>Yates Pet, etal 8-1-2005 V-5890 51 23</p> <p>State</p>	<p>Yates Pet, etal 8-1-2005 V-5905 15 23</p> <p>15</p> <p>Yates Pet, etal 8-1-2005 VA-2198 51 23</p> <p>State Diamond & Half (5)</p>	<p>Yates Pet, etal 7-1-2005 VA-2188 2396</p> <p>14</p> <p>State Diamond & Half (5)</p>	
<p>Yates Pet, etal 6-1-2005 V-5831 15 93</p> <p>20</p> <p>Yates Pet, etal 2-1-2004 V-5466 15 63</p> <p>State, M Boyle Ltd. (S)</p>	<p>Yates Pet, etal 2-1-2004 V-5457 52 93</p> <p>21</p> <p>Yates Pet, etal 2-1-2006 VA-2381 93 75</p> <p>Yates Pet, etal 2-1-2006 VA-2364 341 87</p> <p>Reba State Unit State</p>	<p>Yates Pet, etal 7-1-2005 VA-2189 32 96</p> <p>22</p> <p>Yates Pet, etal 7-1-2005 VA-2194 35 94</p> <p>State Diamond & Half (5)</p>	<p>Yates Pet, etal 8-1-2005 V-5907 15 23</p> <p>23</p> <p>Yates Pet, etal 8-1-2005 V-5910 15 23</p> <p>State, M Henard Prtnshp. etal (S)</p>	
<p>Yates Pet, etal 2-1-2004 V-5468 29 17</p> <p>29</p> <p>Yates Pet, etal 2-1-2004 V-5467 40 63</p> <p>State, M Boyle Ltd. (S)</p>	<p>Yates Pet, etal 2-1-2006 V-6125 112 50</p> <p>28</p> <p>Yates Pet, etal 2-1-2006 V-5941 68 25</p> <p>State</p>	<p>Yates Pet, etal 2-1-2005 V-5939 112 50</p> <p>27</p> <p>Yates Pet, etal 2-1-2005 V-5940 112 50</p> <p>State</p>	<p>Yates Pet, etal 8-1-2005 V-5910 15 23</p> <p>26</p> <p>State</p>	

EXHIBIT "B"
Boots State Unit

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY		LESSEE OF RECORD		OVERRIDING ROYALTY		WORKING INTEREST
1.	T11S, R35E Sec. 8: W2 Lea County, NM	320.00	VO-5719 2/1/05	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation	10/28/04	10/28/04	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.
2.	T11S, R35E Sec. 8: E2 Lea County, NM	320.00	VO-5718 2/1/05	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation	10/28/04	10/28/04	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.
3.	T11S, R35E Sec 4: ALE Lea County, NM	389.73 <i>lots 1,2,3,4 8/2</i>	VA-2135 3/1/05	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation	10/28/04	10/28/04	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.
4.	T11S, R35E Sec 17: N2 Lea County, NM	320.00	VA-2136 3/1/05	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation	10/28/04	10/28/04	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.
5.	T11S, R35E Sec 17: S2 Lea County, NM	320.00	VA-2137 3/1/05	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation	10/28/04	10/28/04	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.
6.	T11S, R35E Sec 3: ALE Lea County, NM	389.73 <i>lots 1,2,3,4 8/2</i>	VO-5811 6/1/05	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation	10/28/04	10/28/04	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.
7.	T11S, R35E Sec 9: W2 Lea County, NM	320.00	VO-5828 6/1/05	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation	10/28/04	10/28/04	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.

EXHIBIT "B"
Boots State Unit

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