



13611

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

February 22, 2006

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

Attn: Mr. Robert Bullock

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

Dear Mr. Bullock:

Thank you for your letters of January 11, 2006 and February 17, 2006 requesting final approval of the Pitney State Exploratory Unit Agreement, Lea County, New Mexico. Enclosed with your letter of February 17, 2006 is an updated schedule of Exhibit "B".

It is our understanding that all tracts are committed to the unit agreement except for the following: Tracts 35, 36, 37, 38, 39 and part of 40. It is also our understanding that Yates Petroleum Corporation will drill two exploratory wells within the proposed unit.

The Commissioner of Public Lands has this date granted final approval to the Pitney State Exploratory Unit Agreement effective February 22, 2006.

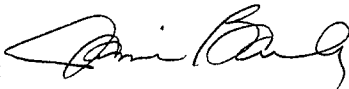
Enclosed are five (5) Certificates of Approval.

Your \$600.00 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,
OGD-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

2006 FEB 24 PM 2 33

EXHIBIT A

EXHIBIT A

The map displays a grid of land parcels, each labeled with a number (1-36) and containing owner information. The central area is labeled "FOUR LAKES". The map is titled "EXHIBIT A" at the top center. The grid is organized as follows:

- Row 1:** 1. Yates Pet. et al. 9-1-2005, 5942, 13125; 2. Yates Pet. et al. 9-1-2005, 5942, 13125; 3. Yates Pet. et al. 9-1-2005, 5942, 13125; 4. Yates Pet. et al. 9-1-2005, 5942, 13125; 5. Yates Pet. et al. 9-1-2005, 5942, 13125; 6. Yates Pet. et al. 9-1-2005, 5942, 13125.
- Row 2:** 7. Yates Pet. et al. 9-1-2005, 5942, 13125; 8. Yates Pet. et al. 9-1-2005, 5942, 13125; 9. Yates Pet. et al. 9-1-2005, 5942, 13125; 10. Yates Pet. et al. 9-1-2005, 5942, 13125; 11. Yates Pet. et al. 9-1-2005, 5942, 13125; 12. Yates Pet. et al. 9-1-2005, 5942, 13125.
- Row 3:** 13. Yates Pet. et al. 9-1-2005, 5942, 13125; 14. Yates Pet. et al. 9-1-2005, 5942, 13125; 15. Yates Pet. et al. 9-1-2005, 5942, 13125; 16. Yates Pet. et al. 9-1-2005, 5942, 13125; 17. Yates Pet. et al. 9-1-2005, 5942, 13125; 18. Yates Pet. et al. 9-1-2005, 5942, 13125.
- Row 4:** 19. Yates Pet. et al. 9-1-2005, 5942, 13125; 20. Yates Pet. et al. 9-1-2005, 5942, 13125; 21. Yates Pet. et al. 9-1-2005, 5942, 13125; 22. Yates Pet. et al. 9-1-2005, 5942, 13125; 23. Yates Pet. et al. 9-1-2005, 5942, 13125; 24. Yates Pet. et al. 9-1-2005, 5942, 13125.
- Row 5:** 25. Yates Pet. et al. 9-1-2005, 5942, 13125; 26. Yates Pet. et al. 9-1-2005, 5942, 13125; 27. Yates Pet. et al. 9-1-2005, 5942, 13125; 28. Yates Pet. et al. 9-1-2005, 5942, 13125; 29. Yates Pet. et al. 9-1-2005, 5942, 13125; 30. Yates Pet. et al. 9-1-2005, 5942, 13125.
- Row 6:** 31. Yates Pet. et al. 9-1-2005, 5942, 13125; 32. Yates Pet. et al. 9-1-2005, 5942, 13125; 33. Yates Pet. et al. 9-1-2005, 5942, 13125; 34. Yates Pet. et al. 9-1-2005, 5942, 13125; 35. Yates Pet. et al. 9-1-2005, 5942, 13125; 36. Yates Pet. et al. 9-1-2005, 5942, 13125.

Exhibit B
Pitney State Exploratory Unit

TRACT DESCRIPTION NUMBER OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1 T12S, R35E Sec. 14: All except SWSW Lea County, NM	600.00	VA-2341 1/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
2 T12S, R35E Sec. 15: All except SESE Lea County, NM	600.00	VA-2318 1/1/2006	State of New Mexico 1/8	Pitch Energy Corporation	None	Pitch Energy Corporation Marbob Energy Corporation
3 T12S, R35E Sec. 21: S2 Lea County, NM	320.00	VA-2319 1/1/2006	State of New Mexico 1/8	Marbob Energy Corporation	None	Pitch Energy Corporation Marbob Energy Corporation
4 T12S, R35E Sec. 12: W2 Lea County, NM	320.00	VO-6107 2/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
5 T12S, R35E Sec. 12: E2 Lea County, NM	320.00	VO-6127 2/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
6 T12S, R35E Sec. 22: N2 Lea County, NM	320.00	VO-6128 2/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.
7 T12S, R35E Sec. 22: S2 Lea County, NM	320.00	VO-6108 2/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co.
8 T12S, R35E Sec. 23: N2 Lea County, NM	320.00	VA-2393 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
9 T12S, R35E Sec. 23: S2 Lea County, NM	320.00	VA-2418 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
10 T12S, R35E Sec. 24: W2 Lea County, NM	320.00	VA-2394 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.

**Exhibit B
Pitney State Exploratory Unit**

TRACT NUMBER	DESCRIPTION AND EXPIRATION DATE	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
11	T12S, R35E Sec. 24: E2 Lea County, NM	320.00	VA-2419 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
12	T12S, R35E Sec. 25: N2 Lea County, NM	320.00	VA-2395 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
13	T12S, R35E Sec. 25: S2 Lea County, NM	320.00	VA-2420 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
14	T12S, R35E Sec. 26: N2 Lea County, NM	320.00	VA-2421 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
15	T12S, R35E Sec. 26: S2 Lea County, NM	320.00	VA-2422 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
16	T12S, R35E Sec. 34: N2 Lea County, NM	320.00	VA-2423 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
17	T12S, R35E Sec. 34: S2 Lea County, NM	320.00	VA-2396 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
18	T12S, R35E Sec. 35: W2 Lea County, NM	320.00	VA-2397 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
19	T12S, R35E Sec. 35: E2 Lea County, NM	320.00	VA-2424 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
20	T12S, R35E Sec. 36: N2 Lea County, NM	320.00	VA-2425 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
21	T12S, R35E Sec. 36: S2 Lea County, NM	320.00	VA-2426 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.

**Exhibit B
Pitney State Exploratory Unit**

TRACT DESCRIPTION NUMBER OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
22 T12S, R35E Sec. 1, E2 Lea County, NM	319.94	VO-6182 4/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
23 T12S, R35E Sec. 1, W2 Lea County, NM	319.82	VO-6161 4/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
24 T12S, R35E Sec. 2, N2 Lea County, NM	319.56	VO-6183 4/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
25 T12S, R35E Sec. 2, S2 Lea County, NM	320.00	VO-6162 4/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
26 T12S, R35E Sec. 13, E2 Lea County, NM	320.00	VO-6185 4/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
27 T12S, R35E Sec. 13, W2 Lea County, NM	320.00	VO-6164 4/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
28 T12S, R35E Sec. 27, N2 Lea County, NM	320.00	VO-6186 4/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
29 T12S, R35E Sec. 27, S2 Lea County, NM	320.00	VO-6165 4/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
30 T12S, R35E Sec. 28, N2 Lea County, NM	320.00	VO-6166 4/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%

**Exhibit B
Pitney State Exploratory Unit**

TRACT DESCRIPTION NUMBER OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
31 T12S, R35E Sec. 28: S2 Lea County, NM	320.00	VO-6187 4/1/2006	State of New Mexico 1/6	EOG Resources, Inc. 50% Threshold Development Company 50%	None	EOG Resources, Inc. Threshold Development Company 50.00%
32 T12S, R35E Sec. 29: N2 Lea County, NM	320.00	VO-6188 4/1/2006	State of New Mexico 1/6	EOG Resources, Inc. 50% Threshold Development Company 50%	None	EOG Resources, Inc. Threshold Development Company 50.00%
33 T12S, R35E Sec. 33: N2 Lea County, NM	320.00	VO-7589 10/1/2010	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 25.00% 25.00% 25.00% 25.00%
34 T12S, R35E Sec. 33: S2 Lea County, NM	320.00	VO-7579 10/1/2010	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 25.00% 25.00% 25.00% 25.00%
35 T12S, R35E Sec. 21: N2 Lea County, NM	320.00	VO-7579 10/1/2010	State of New Mexico	Marbob Energy Corporation	None	Marbob Energy Corporation
36 T12S, R35E Sec. 11: W2 Lea County, NM	320.00	Open	State of New Mexico	Unleased	None	
37 T12S, R35E Sec. 11: E2 Lea County, NM	320.00	Open	State of New Mexico	Unleased	None	
38 T12S, R35E Sec. 14: SWSW Sec. 15: SESE Lea County, NM	6.66	Fee 2/1/2009	Yanci Hooper 1/5	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
39 T12S, R35E Sec. 14: SWSW Sec. 15: SESE Lea County, NM	6.66	Fee 2/1/2009	Deena Ray Atkins 1/5	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%

TRACT DESCRIPTION NUMBER OF LANDS	NET ACRES	AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
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	<u>Unleased Mineral Owners</u>	<u>Net Acres</u>
40 T12S, R35E	Sterling Ranches, a partnership	40.00000
Sec. 14: SWSW	Dan K. Dickinson	4.44000
Sec. 15: SESE	Lucinda D. West	4.44000
Lea County, NM	Owne S. Dickinson	4.44000
	Cobra Exploration Company LLC	11.33000
	Caprock Minerals LLC	0.50000
	Robert P. Donnelly, Jr.	0.18750
	George a. Donnelly, Jr.	0.18750
	Meyer Berman	0.56250
	Destiny Mangement, Inc.	0.09375
	Virginia C. Streit	0.09375
Total Fee Acres		80.00
Total State Acres, Leased		11,759.14
Total State Acres, Unleased		640.00
Total Acres		12,479.14

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

2006 MAY 19 PM 1 44

DATE	OCC CASE NO.	Committed TOTAL	Committed ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
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EFFECTIVE 02/22/2006	CASE NO. 13611 ORDER NO. R-12477	11439.32 Committed	11439.32 Acreage	0	0	0	STRICT	5 YEARS SO LONG AS
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APPROVALS
 SLO--02-22-2006
 OCD--01-09-2006

TOWNSHIP 12 SOUTH, RANGE 35 EAST

SECTION 1: LOTS 1, 2, 3, 4, S/2N/2, S/2
 SECTION 2: LOTS 1, 2, 3, 4, S2/N/2, S/2
 SECTION 12: ALL
 SECTION 13: ALL
 SECTION 14: N/2, SE/4, E/2SW/4, NW/4SW/4
 SECTION 15: N/2, SW/4, W/2SE/4, NE/4SE/4
 SECTION 21 S/2
 SECTION 22: ALL
 SECTION 23: ALL
 SECTION 24: ALL
 SECTION 25: ALL
 SECTION 26: ALL
 SECTION 27: ALL
 SECTION 28: ALL
 SECTION 29: N/2
 SECTION 33: ALL
 SECTION 34: ALL
 SECTION 35: ALL
 SECTION 36: ALL

TERMINATED EFFECTIVE DATE 5-15-06 APPROVAL DATE 5-15-06

EXHIBIT A

[illegible]

**Exhibit B
Pitney State Exploratory Unit**

TRACT NUMBER OF LANDS	DESCRIPTION AND ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1	T12S, R35E Sec. 14: All except SWSW Lea County, NM	600.00 VA-2341 1/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
2	T12S, R35E Sec. 15: All except SESE Lea County, NM	600.00 VA-2318 1/1/2006	State of New Mexico 1/8	Pitch Energy Corporation	None	Pitch Energy Corporation Marbob Energy Corporation
3	T12S, R35E Sec. 21: S2 Lea County, NM	320.00 VA-2319 1/1/2006	State of New Mexico 1/8	Marbob Energy Corporation	None	Pitch Energy Corporation Marbob Energy Corporation
4	T12S, R35E Sec. 12: W2 Lea County, NM	320.00 VO-6107 2/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
5	T12S, R35E Sec. 12: E2 Lea County, NM	320.00 VO-6127 2/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
6	T12S, R35E Sec. 22: N2 Lea County, NM	320.00 VO-6128 2/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Shabro Oil Ltd. Co.
7	T12S, R35E Sec. 22: S2 Lea County, NM	320.00 VO-6108 2/1/2006	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Shabro Oil Ltd. Co.
8	T12S, R35E Sec. 23: N2 Lea County, NM	320.00 VA-2393 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
9	T12S, R35E Sec. 23: S2 Lea County, NM	320.00 VA-2418 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
10	T12S, R35E Sec. 24: W2 Lea County, NM	320.00 VA-2394 3/1/2006	State of New Mexico 1/9	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.

Exhibit B
Pliny State Exploratory Unit

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY		LESSEE OF RECORD	OVERRIDING ROYALTY		WORKING INTEREST	
11	T12S, R35E Sec. 24: E2 Lea County, NM	320.00	VA-2419 3/1/2006	State of New Mexico 1/8		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
12	T12S, R35E Sec. 25: N2 Lea County, NM	320.00	VA-2395 3/1/2006	State of New Mexico 1/8		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
13	T12S, R35E Sec. 25: S2 Lea County, NM	320.00	VA-2420 3/1/2006	State of New Mexico 1/8		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
14	T12S, R35E Sec. 26: N2 Lea County, NM	320.00	VA-2421 3/1/2006	State of New Mexico 1/8		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
15	T12S, R35E Sec. 26: S2 Lea County, NM	320.00	VA-2422 3/1/2006	State of New Mexico 1/8		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
16	T12S, R35E Sec. 34: N2 Lea County, NM	320.00	VA-2423 3/1/2006	State of New Mexico 1/8		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
17	T12S, R35E Sec. 34: S2 Lea County, NM	320.00	VA-2396 3/1/2006	State of New Mexico 1/8		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
18	T12S, R35E Sec. 35: W2 Lea County, NM	320.00	VA-2397 3/1/2006	State of New Mexico 1/8		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
19	T12S, R35E Sec. 35: E2 Lea County, NM	320.00	VA-2424 3/1/2006	State of New Mexico 1/8		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
20	T12S, R35E Sec. 36: N2 Lea County, NM	320.00	VA-2425 3/1/2006	State of New Mexico 1/8		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
21	T12S, R35E Sec. 36: S2 Lea County, NM	320.00	VA-2426 3/1/2006	State of New Mexico 1/8		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%

**Exhibit B
Pitney State Exploratory Unit**

TRACT DESCRIPTION NUMBER OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY		LESSEE OF RECORD	OVERRIDING ROYALTY		WORKING INTEREST	
22 <u>T12S, R35E</u> Sec. 1: E2 Lea County, NM	319.94	VO-6182 4/1/2006	State of New Mexico 1/6		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
23 <u>T12S, R35E</u> Sec. 1: W2 Lea County, NM	319.82	VO-6161 4/1/2006	State of New Mexico 1/6		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
24 <u>T12S, R35E</u> Sec. 2: N2 Lea County, NM	319.56	VO-6183 4/1/2006	State of New Mexico 1/6		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
25 <u>T12S, R35E</u> Sec. 2: S2 Lea County, NM	320.00	VO-6162 4/1/2006	State of New Mexico 1/6		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
26 <u>T12S, R35E</u> Sec. 13: E2 Lea County, NM	320.00	VO-6185 4/1/2006	State of New Mexico 1/6		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
27 <u>T12S, R35E</u> Sec. 13: W2 Lea County, NM	320.00	VO-6164 4/1/2006	State of New Mexico 1/6		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
28 <u>T12S, R35E</u> Sec. 27: N2 Lea County, NM	320.00	VO-6186 4/1/2006	State of New Mexico 1/6		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
29 <u>T12S, R35E</u> Sec. 27: S2 Lea County, NM	320.00	VO-6165 4/1/2006	State of New Mexico 1/6		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%
30 <u>T12S, R35E</u> Sec. 28: N2 Lea County, NM	320.00	VO-6166 4/1/2006	State of New Mexico 1/6		Yates Petroleum Corporation	None		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.00% 10.00% 10.00% 10.00%

**Exhibit B
Pitney State Exploratory Unit**

TRACT NUMBER	DESCRIPTION AND ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
31	T12S, R35E Sec. 28, S2 Lea County, NM	VO-6187 4/1/2006	State of New Mexico 1/6	EOG Resources, Inc. 50% Threshold Development Company 50%	None	EOG Resources, Inc. Threshold Development Company 50.00% 50.00%
32	T12S, R35E Sec. 29, N2 Lea County, NM	VO-6188 4/1/2006	State of New Mexico 1/6	EOG Resources, Inc. 50% Threshold Development Company 50%	None	EOG Resources, Inc. Threshold Development Company 50.00% 50.00%
33	T12S, R35E Sec. 33, N2 Lea County, NM	VO-7589 10/1/2010	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 25.00% 25.00% 25.00%
34	T12S, R35E Sec. 33, S2 Lea County, NM	VO-7579 10/1/2010	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 25.00% 25.00% 25.00%
35	T12S, R35E Sec. 21, N2 Lea County, NM	3/1/2011	State of New Mexico	Marbob Energy Corporation	None	Marbob Energy Corporation
36	T12S, R35E Sec. 11, W2 Lea County, NM	Open	State of New Mexico	Unleased	None	
37	T12S, R35E Sec. 11, E2 Lea County, NM	Open	State of New Mexico	Unleased	None	
38	T12S, R35E Sec. 14, SWSW Sec. 15, SESE Lea County, NM	Fee 2/1/2009	Yanci Hooper 1/5	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
39	T12S, R35E Sec. 14, SWSW Sec. 15, SESE Lea County, NM	Fee 2/1/2009	Deena Ray Atkins 1/5	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%

Exhibit B
Pinney State Exploratory Unit

TRACT DESCRIPTION NUMBER OF LANDS	NET ACRES	AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
<u>Unleased Mineral Owners</u>						
			<u>Net Acres</u>			
40 T12S, R36E		Sterling Ranches, a partnership	40.00000			
Sec. 14: SWSW		Dan K. Dickinson	4.44000			
Sec. 15: SESE		Lucinda D. West	4.44000			
Lea County, NM		Owne S. Dickinson	4.44000			
		Cobra Exploration Company LLC	11.33000			
		Caprock Minerals LLC	0.50000			
		Robert P. Donnelly, Jr.	0.18750			
		George a. Donnelly, Jr.	0.18750			
		Meyer Berman	0.56250			
		Destiny Mangement, Inc.	0.09375			
		Virginia C. Strell	0.09375			
Total Fee Acres			80.00			
Total State Acres, Leased			11,759.14			
Total State Acres, Unleased			640.00			
Total Acres			12,479.14			

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

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	Committed	Committed	FEDERAL	INDIAN	SEGREGATION	TERM
		TOTAL ACREAGE	STATE		FEE	CLAUSE	
EFFECTIVE 02/22/2006	CASE NO. 13611 ORDER NO. R-12477	11439.32 Committed Acreage	11439.32	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS
SLO--02-22-2006
OCD--01-09-2006

TOWNSHIP 12 SOUTH, RANGE 35 EAST

SECTION 1: LOTS 1, 2, 3, 4, S/2N/2, S/2
SECTION 2: LOTS 1, 2, 3, 4, S2/N/2, S/2
SECTION 12: ALL
SECTION 13: ALL
SECTION 14: N/2, SE/4, E/2SW/4, N/WSW/4
SECTION 15: N/2, SW/4, W/2SE/4, NE/4SE/4
SECTION 21 S/2
SECTION 22: ALL
SECTION 23: ALL
SECTION 24: ALL
SECTION 25: ALL
SECTION 26: ALL
SECTION 27: ALL
SECTION 28: ALL
SECTION 29: N/2
SECTION 33: ALL
SECTION 34: ALL
SECTION 35: ALL
SECTION 36: ALL