



13219

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

January 31, 2006

Elk Oil Company
Box 310
Roswell, New Mexico 88202

Attn: Mr. Joseph J. Kelly

Re: 2006 Plan of Development
Z-28 Unit
Chaves County, New Mexico

Dear Mr. Kelly:

The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

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/cpm

xc: Reader File

OCD

-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 •

RECEIVED

MAR 15 2004

OIL CONSERVATION
DIVISION

UNIT NAME: Z-28 STATE EXPLORATORY UNIT
OPERATOR: ELK OIL COMPANY
COUNTY: CHAVES

DATE	OCC CASE NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
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EFFECTIVE 03/08/2004		2240.00	2240.00	0	0	STRICT	5 YEARS SO LONG AS
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APPROVALS

SLO--03/08/2004
OCD--03/02/2004 CASE NO. 13219
ORDER NO. R-12111

TOWNSHIP 10 SOUTH, RANGE 26 EAST
SECTION 11: ALL
SECTION 12: W/2
SECTION 13: ALL
SECTION 24: ALL

Z-28 STATE EXPLORATORY UNIT
Chaves County, New Mexico
Exhibit "A"

ELK OIL COMPANY
Post Office Box 310
Roswell, New Mexico 88202

TRACT NUMBER

UNIT OUTLINE

Exhibit B
Z-28 State Unit Area
Chaves County
New Mexico

All depths below the base of the Queen Formation

Tract No	Description of Land	No. of Acres	Lease Serial No	Lease Expiration Date	Basic Royalty and Ownership Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest Owner and Percentage	Interest Burdened By OIRI
1	Township 10 South, Range 26 East, Sec. 11, N/2 RECEIVED MAR 8 2004 STATE LAND SANTA FE	320.00	VO-5576	8/01/04	State of NM: 16.667%	Elk Oil Company 100.00%	Elk Oil Company 100.00%	Elk Oil Company 100.00%	100.00%
2	Township 10 South, Range 26 East, Sec. 11, S/2	320.00	VA-2008	8/01/04	State of NM: 12.50%	Elk Oil Company 100.00%	Elk Oil Company 100.00%	Elk Oil Company 100.00%	100.00%
3	Township 10 South, Range 26 East, Sec. 12, W/2	320.00	VA-2004	8/01/04	State of NM: 12.50%	Elk Oil Company 100.00%	Elk Oil Company 100.00%	Elk Oil Company 100.00%	100.00%
4	Township 10 South, Range 26 East, Sec. 13, W/2	320.00	VA-2005	8/01/04	State of NM: 12.50%	Elk Oil Company 100.00%	Elk Oil Company 100.00%	Elk Oil Company 100.00%	100.00%

All depths below the base of the Queen Formation

7 TRACTS - STATE - 2,240 ACRES OR 100.00%



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February 4, 2004

FEB 09 2004

Elk Oil Company
P. O. Box 310
Roswell, New Mexico 88202

OIL CONSERVATION
DIVISION

Attention: Mr. Joseph J. Kelly

Re: Preliminary Approval
Proposed Z-28 State Exploratory Unit
Chaves County, New Mexico

Dear Mr. Kelly:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Z-28 State Exploratory Unit area, Chaves 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.

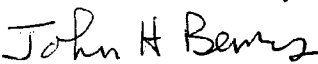
Elk Oil Company
February 4, 2004
Page 2

5. Please submit two copies of the Unit Agreement.
6. On Exhibit "B", Tract No. 1, under the basic royalty and ownership percentage, the correct royalty percentage for State Lease No. V0-5576 is 16.7%
7. A copy of the Unit Operating Agreement (if applicable).
8. Copies of all the well records for the initial unit well.
9. Please submit a filing fee in the amount of \$120.00.

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: 
JOHN BEMIS, Assistant Commissioner
Mineral Resources
(505) 827-5744

PL/JB/pm
cc: OCD-Santa Fe, Attention: Mr. Roy Johnson



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January 14, 2005

Elk Oil Company
Box 310
Roswell, New Mexico 88202

Attn: Mr. Joseph J. Kelly

Re: 2004 Plan of Development
Z-28 Unit
Chaves County, New Mexico

RECEIVED

DEC 20 2005

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

Dear Mr. Kelly:

The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the unit area and the need for further development of the unit may exist. You may be contacted at a later date regarding these possibilities.

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
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BY:
JAMI BAILEY, Director
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