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2006 MAY 9 PM 12:47

State of New Mexico
Commissioner of Public Lands

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

PATRICK H. LYONS
COMMISSIONER

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

May 8, 2006

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210-2118

Attn: Ms. Bonnie Floore

Re: 2006 Plan of Development
Elvis State Unit
Lea County, New Mexico

Dear Ms. Floore:

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



-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



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Commissioner of Public Lands

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2004 SEP 2
COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

August 31, 2004

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

Attention: Mr. Robert Bullock

Re: Preliminary Approval
Proposed Elvis 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 Elvis 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.

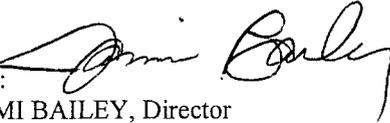
Yates Petroleum Corporation
August 31, 2004
Page 2

5. As discussed with Mr. Amiatt in our meeting of August 26, 2004, on the unit agreement, Article 9, Page 6, second line of the last paragraph please delete embracing lands of the State of New Mexico.
6. Please submit two copies of the Unit Agreement.
7. A copy of the Unit Operating Agreement (if applicable).
8. Copies of all the well records for the initial unit well.
9. Your filing fee in the amount of \$60.00 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: ~~C~~OCD-Santa Fe, Attention: Mr. Roy Johnson
William F. Carr

RECEIVED

OCT 22 2004



PATRICK H. LYONS
COMMISSIONER DIVISION

State of New Mexico
Commissioner of Public Lands

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SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

October 18, 2004

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

Attn: Mr. Robert Bullock

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

Dear Mr. Bullock:

This office is in receipt of your letter of October 15, 2004, requesting final approval of the Elvis 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 Elvis State Exploratory Unit Agreement. The effective date of your agreement is October 18, 2004.

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

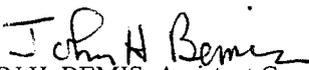
Enclosed are (5) Certificates of Approval.

Your \$60.00 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: 
JOHN H. BEMIS, Assistant Commissioner,
Minerals Resources
(505) 827-5744
PL/JB/pm

pc: Reader File,
O&D-Santa Fe, Attn: Mr. Roy Johnson
TRD-Attn: Mr. Valdean Severson
RMD-Attn: Mr. Kurt McFall

-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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OCT 22 2004

OIL CONSERVATION DIVISION
UNIT NAME: ELVIS 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 10/18/2004	CASE NO. 13331 ORDER NO. R-12212	1280.00	1280.00	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--10-18-2004
OCD--09-09-2004

TOWNSHIP 10 SOUTH, RANGE 34 EAST

SECTION 22: ALL
SECTION 27: ALL

EXHIBIT A

<p>State</p> <p>(Champlin O&R) Tipton OEG 10-6974 (Pet. Prod Mgmt) State. Abo. Disc P19</p> <p>B.R.H. Morrison</p>	<p>State</p> <p>Yates Pet., etal VA 4583 Shinnery St Penrose Prod. Pat. St. Com. T09997</p>	<p>State</p> <p>Penroc Oil VA-1332</p> <p>Penroc Oil VA-1334</p> <p>Yates Pet., etal VA 1333</p> <p>Yates Pet. Toco St</p> <p>"Penroc '9' St"</p> <p>F 206</p>	<p>State</p> <p>Yates Pet., etal VA 2134 HBU</p> <p>Yates Pet., etal VA 2005 HBU</p> <p>MIDLAND</p> <p>Merle St Unit (YPC)</p>	<p>State</p> <p>Yates Pet., etal 7-1-2004 V-5559 1563 HBU</p> <p>Yates 7-1-2004 VA 1563 HBU</p>
<p>State</p> <p>Yates Pet., etal 2-2005 V-5712 563 Yates Pet., etal S-1-2005 V-5790 23797</p> <p>Signal (Sunray) NM-St TD10025 (DA 4-9-84)</p> <p>E Half, Inc. (S)</p>	<p>State</p> <p>Christensen Pet. 3-1-2004 V-5488 11875 Tex. Pac. Humble St.</p> <p>Yates Pet. Abigail St. L.E. Jones Op 15-716 75-1387 DA 4-25-99</p> <p>Diamond E. Half, Inc. (S)</p>	<p>State</p> <p>Purvis (G.S. Knox) (Knox Ind. 35%) V-2470</p> <p>Yates Pet., etal B-1-2004 V-5589 24975</p> <p>Purvis Oil Byron McKnight) TD 13132 (M/A B-24-70) P201 P/B 9198 Abo. Disc</p> <p>Yates Pet., etal V-3322</p> <p>Magnolia Four Lakes Unit TD 13144 DA 12-14-51</p> <p>Simanola - St</p>	<p>State</p> <p>Yates Pet., etal 4-1-2004 VA-1945 1712 HBU</p> <p>Yates Pet., etal 4-1-2004 VA-1944 5625 HBU</p>	<p>State</p> <p>Yates Pet., etal 7-1-2004 V-5560 1563 HBU</p> <p>Yates 7-1-2004 VA 1563 HBU</p>
<p>State</p> <p>Sunray N.M. St. Com. TD 10025 (DA 3-10-82) P/B 9980 P/A 7-13-71</p> <p>Sunray - 2 N.M. St. Com. es Pet etal 1-2005 V-5714 1563</p> <p>E Half, Inc. (S)</p>	<p>State</p> <p>Sunray N.M. Broseco Yates Pet., etal 5-1-2004 V-5522 24375</p> <p>Sunray N.M. II St. TD 10100</p>	<p>State</p> <p>Yates Pet. Toco St. (Sun) (N.M. St.) TD 10008</p> <p>Yates Pet., etal 2-1-2005 V-5715 14375</p> <p>Yates Pet., etal 2-1-2005 V-5716 5625</p>	<p>State</p> <p>Yates Pet., etal 4-1-2004 VA-1946 5625 HBU</p> <p>Yates Pet., etal 4-1-2004 VA-1947 1712 HBU</p>	<p>State</p> <p>Yates Pet., etal 4-1-2004 VA-1949 8438 HBU</p> <p>Yates 4-1-2004 VA-1949 8438 HBU</p>
<p>State</p> <p>(Sharbro) Yates Pet., etal 2-1-2004 VA-1903 7393</p> <p>Strait St. Unit</p>	<p>State</p> <p>(Sharbro) Yates Pet., etal 2-1-2004 VA-1911 1563</p> <p>(Sharbro) Yates Pet., etal 2-1-2004 VA-1902 8793</p> <p>Tipperary State TD 14034 D/A 6-30-77</p>	<p>State</p> <p>Yates Pet., etal 1-1-2005 VA-2113 1563</p> <p>Yates Pet., etal 1-1-2005 VA-2104 15627</p> <p>Diamond E. Half, Inc. (S)</p>	<p>State</p> <p>Yates Pet., etal 1-1-2005 V-5691 3125</p> <p>Yates Pet., etal VA-2112</p> <p>Diamond E. Half, Inc. (S)</p>	<p>State</p> <p>Yates Pet., etal 4-1-2004 VA-1951 1594 HBU</p> <p>Yates 4-1-2004 VA-1951 1594 HBU</p>
<p>State</p> <p>(Sharbro) Yates Pet., etal 2-1-2003 V-5701</p> <p>St. Ut.</p>	<p>State</p> <p>(Sharbro) Yates Pet., etal V-5302</p> <p>Strait St. Ut.</p>	<p>State</p> <p>Yates Pet., etal 2-1-2000 VA-1335 HBU 1563</p> <p>Yates Pet., etal 12-1-2005 V-6057 20625</p> <p>Manzana Oil Sand Springs St. Ut. TD 9222 D/A 1-16-00</p> <p>Diamond E. Half, Inc. State "A-R"</p>	<p>State</p> <p>Yates Pet., etal 3-1-2000 VA-1347 1562</p> <p>Yates Pet., etal 1-1-2006 V-6091 14375</p> <p>Diamond E. Half, Inc. (S)</p>	<p>State</p> <p>Yates Pet., etal 1-1-2005 VA-2105 17627</p> <p>Yates 1-1-2005 VA-2105 17627</p> <p>State, M.I. Diamond</p>

EXHIBIT "B"
Elvis State Exploratory Unit

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY		LESSEE OF RECORD		OVERRIDING ROYALTY		WORKING INTEREST	
1.	<u>T10S, R34E</u> Sec. 27: N2 Lea County, NM	320.00	VA-2113 1/1/05	State of New Mexico	1/8	Yates Petroleum Corporation	None	None	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.0000% 10.0000% 10.0000% 10.0000%
2.	<u>T10S, R34E</u> Sec. 27: S2 Lea County, NM	320.00	VA-2104 1/1/05	State of New Mexico	1/8	Yates Petroleum Corporation	None	None	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.0000% 10.0000% 10.0000% 10.0000%
3.	<u>T10S, R34E</u> Sec 22: N2 Lea County, NM	320.00	VO-5715 2/1/05	State of New Mexico	1/6	Yates Petroleum Corporation	None	None	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.0000% 10.0000% 10.0000% 10.0000%
4.	<u>T10S-R34E</u> Sec 22: S2 Lea County, NM	320.00	VO-5716 2/1/05	State of New Mexico	1/6	Yates Petroleum Corporation	None	None	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.0000% 10.0000% 10.0000% 10.0000%

100% STATE LANDS 1280.00



PATRICK H. LYONS
COMMISSIONER

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Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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Fax (505) 827-5766

www.nmstatelands.org

May 10, 2005

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210-2118

Attn: Mr. Robert Bullock

Re: 2005 Plan of Development
Elvis State Unit
Lea County, New Mexico

Dear Mr. Bullock:

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
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 -

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Commissioner of Public Lands

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PATRICK H. LYONS
COMMISSIONER

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APR 25 2005
OIL CONSERVATION
DIVISION

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

April 21, 2005

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

Attn: Mr. Robert Bullock

Re: Elvis State Unit Well No. 1
SE/4SW/4 Sec. 22-10S-34E
Commercial Well Determination
Lea County, New Mexico

Dear Mr. Bullock:

We received your letter of April 12, 2005 together with data that supports your commercial determination regarding the Elvis State Unit Well No. 1.

The Commissioner of Public Lands concurs with Yates Petroleum Corporation's determination that the above-mentioned well is a commercial well in the Atoka formation.

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: *Anthony N. Nash*
FOR JAMI BAILEY, Director

Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/pm

pc: Reader File,
OCD-Attention: Mr. Roy Johnson

-State Land Office Beneficiaries -

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