

MARTIN YATES, III

1912-1985

FRANK W. YATES

1936-1986

S.P. YATES

1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

JOHN A. YATES
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
PRESIDENT

SCOTT M. YATES
VICE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

RECEIVED OGD

2010 JUL 29 5:17:08

Via Federal Express – 505-827-5791

July 28, 2010

Mr. Pete Martinez
Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe, NM 87504-1148

Re: Request for Final Approval
Herradura Unit
Eddy County, New Mexico

Gentlemen:

Enclosed for your approval are:

2 copies of the Unit Agreement

1 copy of the Unit Operating Agreement

Ratification and Joinder Instruments from Yates Petroleum Corporation, Yates Drilling Company, Myco Industries, Inc. and Abo Petroleum Corporation.

Attachment showing tracts committed to the unit.

This unit agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.

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.

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.

This unit agreement is in other respects for the best interest of the trust.

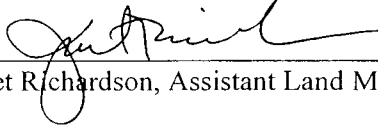
Also enclosed is our check 162702 in the amount of \$390.00 as filing fee.

Coming by separate transmittal will be Ratification and Joinder Instruments from Chesapeake Exploration, LP and Devon Energy Production Company, LP.

We respectfully request final approval of the Herradura Unit.

Very truly yours,

YATES PETROLEUM CORPORATION



Janet Richardson, Assistant Land Manager

Encl.

Cc: BLM, Carlsbad, Mr. Wesley Ingram
NMOCD – Santa Fe, Mr. Ed Martin

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PERCENTAGE OF COMMITTED ACREAGE
HERRADURA UNIT AREA
EDDY COUNTY, NEW MEXICO

TRACT	NO.ACRES	SERIAL NUMBER	Chesapeake	Devon	YPC	YDC	MYCO	ABO	UNLEASED FEDERAL	Committed
1	640.00	NMNM-105549	1							640.00
2	320.00	NMNM-105550	1							320.00
3	320.00	NMNM-105551	1							320.00
4	40.00	NMNM-105873	1							40.00
5	320.00	UNLEASED FED							320	
6	321.41	VB-0669-0001	0.524245	0.475755						321.41
7	320.00	VB-0711	0.524245	0.475755						320.00
8	600.00	VB-0712	0.524245	0.475755						600.00
9	320.00	VB-0713	0.524245	0.475755						320.00
10	320.00	VB-0714	0.524245	0.475755						320.00
11	320.00	VB-0715	0.524245	0.475755						320.00
12	320.00	VB-0716	0.524245	0.475755						320.00
13	319.68	VB-0717	0.524245	0.475755						319.68
14	319.04	VB-0718	0.524245	0.475755						319.04
15	320.00	VB-0733	0.524245	0.475755						320.00
16	320.00	V0-7716-0001	0.524245	0.475755						320.00
17	159.83	V0-7706-0001	0.524245	0.475755						159.83
18	320.00	VB-1214			0.4	0.2	0.2	0.2		320.00
19	320.00	V0-8087			0.4	0.2	0.2	0.2		320.00
20	480.53	VB-1237			0.4	0.2	0.2	0.2		480.53
21	160.00	VB-1238			0.4	0.2	0.2	0.2		160.00
22	360.00	VB-1247			0.4	0.2	0.2	0.2		360.00
23	8.04	Fee			0.25	0.25	0.25	0.25		
24	12.00	Fee			0.4	0.2	0.2	0.2		
25	6.00	Fee			0.4	0.2	0.2	0.2		
26	3.00	Fee			0.4	0.2	0.2	0.2		
	36.20	Fee			0.4	0.2	0.2	0.2		
	36.00	Fee			0.4	0.2	0.2	0.2		
	18.00	Fee			0.4	0.2	0.2	0.2		
	9.00	Fee			0.4	0.2	0.2	0.2		
	12.07	Fee			0.4	0.2	0.2	0.2		
	12.00	Fee			0.4	0.2	0.2	0.2		
	6.00	Fee			0.4	0.2	0.2	0.2		
	12.06	Fee			0.4	0.2	0.2	0.2		
	12.00	Fee			0.4	0.2	0.2	0.2		
	6.00	Fee			0.4	0.2	0.2	0.2		
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	3.00	Fee			0.4	0.2	0.2	0.2		
	8.04	Fee			0.25	0.25	0.25	0.25		
	8.00	Fee			0.25	0.25	0.25	0.25		
	20.00	UNLEASED FEE								
Total	7,681.37								320	6,920.49
Total acres in Unit Area				7,681.37						
Total acres committed				6,920.49						
Percent committed				90.09%						
Unleased federal				320						
Committed + unleased				7,240.49						
Total Percent committed				94.26%						

MARTIN YATES, III

1912-1985

FRANK W. YATES

1936-1986

S.P. YATES

1914-2008



105 SOUTH FOURTH STREET

ARTESIA, NEW MEXICO 88210-2118

Via Federal Express 575-234-5982 TELEPHONE (575) 748-1471

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JOHN D. PERINI
CHIEF FINANCIAL OFFICER

July 28, 2010

Mr. Don Peterson
Bureau of Land Management
620 E. Greene
Carlsbad, NM 88220-6292

Re: Request for Final Approval
Herradura Unit
Eddy County, New Mexico

Gentlemen:

Enclosed for your approval are:

3 copies of the Unit Agreement

1 copy of the Unit Operating Agreement

Ratification and Joinder Instruments from Yates Petroleum Corporation, Yates Drilling Company, Myco Industries, Inc. and Abo Petroleum Corporation.

Attachment showing tracts committed to the unit.

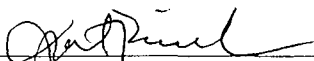
Coming by separate transmittal will be Ratification and Joinder Instruments from Chesapeake Exploration, LP and Devon Energy Production Company, LP.

These ratifications together constitute 90.09% of the unitized acreage. When the unleased federal acreage is included the committed percentage is 94.26%.

We respectfully request final approval of the Herradura Unit.

Very truly yours,

YATES PETROLEUM CORPORATION



Janet Richardson, Assistant Land Manager

Encl.

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HERRADURA UNIT AREA
EDDY COUNTY, NEW MEXICO

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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

RECEIVED OCD
COMMISSIONER'S OFFICE
2010 AUG -5 P 1:13
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

July 29, 2010

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

Attn: Ms. Janet Richardson

Re: Final Approval
Herradura Exploratory Unit
Eddy County, New Mexico

Dear Ms. Richardson:

Thank you for your letter of July 28, 2010 requesting final approval of the Herradura Exploratory Unit Agreement, Eddy County, New Mexico.

It is our understanding that all tracts are fully committed to the unit agreement at this time except for Tract Nos. 5, 23, 24, 25 and 26.

The Commissioner of Public Lands has this date granted final approval to the Herradura Exploratory Unit Agreement. Our approval is subject to like approval by the Bureau of Land Management.

Enclosed are five (5) Certificates of Approval.

Your \$390.00 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: *Lamy D. Rybel*
JAMI BAILEY
Oil, Gas & Minerals Division
PL/JB/pm

pc: Reader File,
BLM-Attn: Mr. Wesley Ingram
OCD-Santa Fe, Attn: Mr. Ed Martin
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