

YATES PETROLEUM CORP.

LIVINGSTON RIDGE AREA
SEC. 2 T22S - R31E

PROPOSED LOCATIONS

SCALE: 1" = 2000'
EXHIBIT "1"

YATES PETROLEUM CORP.
BEFORE THE COMMISSION
NMOCD CASE NOS. 10446-10449
DATE: 09/09/92 DE NOVO
EXHIBIT NO.

## Sidemit to Appropriate District Office State Lease — 6 copies Fee Lease — 5 copies

P.O. Box 1980, Hobbs, NM 88240

## State of New Mexico Ene Minerals and Natural Resources Department

EXHIBIT 2

Form C-101 Revised 1-1-89

### OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

API NO. ( assigned by OCD on New Wells)	

DISTRICT II P.O. Drawer DD, Artesia, I	NM 88210			5. Indicate Ty	ypc of Lease STAT	EX F	EE 🗌
DISTRICT III 1000 Rio Brazos Rd., Azies	c, NM 87410		•	6. State Oil 8 V-270	E Gas Lease No.		
APPLICAT	ION FOR PERMIT TO	O DRILL, DEEPEN, O	R PLUG BACK				
12. Type of Work:				7. Lease Nan	ne or Unit Agree	ment Name	
DRILL b. Type of Well: OIL CIAS WELL X WELL	RE-ENTER	DEEPEN SINGLE ZONE	PLUG BACK MULTIPLE ZONE	Graham	AKB Stat	e	
2. Name of Operator Yates Petrol	eum_Corporation			8. Well No.	4 -	<del></del>	
3. Address of Operator 105 South Fo	urth Street, Art	tesia, NM 88210		9. Pool name Undesign	or Wildcax nated Los	t Tank D	elawar
4. Well Location Unit Letter	: 1980 Feet Fr	om The North	Line and 1	050' Feat	From The	ast	Line
Section	2 Townst	nip 22 South Ran	ge 31 East	NMPM	Eddy		County
		10. Proposed Depth 8500'		11.Formation Delaware		Rotary or C.1 Rotary	
13. Elevations (Show wheth 3552 '	er DF, RT, GR, etc.) 1. GR	4. Kind & Status Plug. Bond Blanket	15. Drilling Control Undesig		ASAP	e Work will sta	រាវ
17.	PR	OPOSED CASING AN	ID CEMENT PRO	DGRAM			
SIZE OF HOLE	SIZE OF CASING_	WEIGHT PER FOOT	SETTING DEPT	H SACKS OF	CEMENT	EST. TO	OP
17 1/2"	13 3/8"	54.5#	850'	850	C	irculate	
11"	8 5/8"	32.0#	4500'	2500	C	Circulate	
7 7/8"	5 1/2"	17 & 10#	TD	As warr	anted T	ie Back	
	•						

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated. Approximately 4500' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented to tie-back to the 8 5/8" casing, perforated and stimulated as needed for production.

MUD PROGRAM: Native mud to 850'; Brine to 4500'; cut Brine/Starch to TD.

BOP PROGRAM: BOP will be installed at the offset and tested daily for operational.

Letter has been sent to N.M. Potash Corporation.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

	hodge and belief. THE Permit Agent	DATE 11-25-91
TYPEORPEDITNAME Clifton R. May		TELETI IONE NO. 748-1471
(This space for State Use)	•	
APPROVED BY	me	DATE
CONDITIONS OF A PRICE VALUE OF A KING		

OIL CONSERVATION DIVISION DISTRICT I

P.O. Box 2088

VPI NO. (	assigned by OC	Dog Nev	v Wells)
30	-115-	26	92

P.O. Box	1980, Hoods, NM	88240

Santa Fe, New Mexico 87504-2088

DISTRICT II P.O. Drawer DD, Artesia, NM 88210 5. Indicate Type of Lease

STATE X

1000 Rio Brazos Rd., Aztec,	NM 87410			V-25		
APPLICATI	ON FOR PERMIT TO	D DRILL, DEEPEN, O	R PLUG BACK			
12 Type of Work:		<del></del>		7. Lease Name of	or Unit Agreement N	ame
DRILL b. Type of Well: OIL GAS WELL WELL WELL	X RE-ENTER [	DEEPEN SINGLE ZONE	PLUG BACK MULTIPLE ZONE	Flora A	KF State	
2. Name of Operator		<del></del>		8. Well No.	<del></del>	
Yates Petrole	eum Corporation			. 1	·	
3. Address of Operator		• •	.•	9. Pool name or	Wildcat	
105 South For	urth Street, Art	<u>esia, NM 88210</u>	·	Undesig	nated Lost	<u>Tank Dela</u>
4. Well Location Unit Letter N	: 660 Feet Fro	South	Line and 2	310 Feet Fro	m The West	Line
Section	2 Townsh	ip 22 South Ran	ge 31 East	nmpm Ed	ldy	County
		10. Proposed Depth	i i	11. Formation	12 Roun	•
		8500		Delaware		ary
13. Elevations (Show whether 3526 '	r DF, RT, GR, etc.) 14	l. Kind & Status Plug. Bood Blanket	15. Drilling Control Undesign	1	Approx. Date Work ASAP	will start
17.	PRO	OPOSED CASING AN	ID CEMENT PRO	DGRAM		
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPT	H SACKS OF C	EMENT! E	ST. TOP
17 1/2"	13 3/8"	54.5#	850'	850	Circu	
11"	8 5/8"	32.0#	4500'	2500	Circu	
7 7/8"	5 1/2"	17 & 20#	TD	As warra	nted  Tie B	ack
		proposes to dri				

Approximately 4500' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented to tie-back to the 8 5/8" casing, perforated and stimulated as needed for production.

MUD PROGRAM: Native mud to 850'; Brine to 4500'; cut Brine/Starch to TD.

BOP will be installed at the offset and tested daily for operational. BOP PROGRAM:

Letter has been sent to N.M. Potash Corporation.

APPROVAL THE O FOR LATEL DAYS DELECT WELLING FREEZEMMY

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR FLUIG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE

ZONE, GIVE BLOWOUT PREV	ENTER PROGRAM, IP ANT.		
I hereby certify that the informature	United above is true and complete to the best of my know	Mgc कर्व belief. — <u>mue</u> Permit Agent	11-25-91
	Cl fton R. May		TILITIKWE NO. 748-1471
(This apace for State Use)	ORIGINAL SIGNED BY MIKE WILLIAMS		MAR 2 6 1992
A DIGGO A Verm in M	SUPERVISOR, DISTRICT 19	mr	PAIR O DOLL

YAL T LAVORTA TO SHOTTOHOO

APPROVED BY\_

#### State of New Mexico En , Minerals and Natural Resources Departmen

Form C-101 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Azzec, NM 87410

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

API NO. ( assigned by OCD on Ne	w Weils)
5. Indicate Type of Lease	
STATE ()	FEE
6. State Oil & Gas Lease No.	<del></del>

1001.00 2.1104.104.104	<b></b>			V-2/(	72		
APPLICAT	ION FOR PERMIT	TO DRILL, DEEPEN, OF	R PLUG BACK				
1a. Type of Work:				7. Lease Nan	ne or Unit Agree	ment Name	
DRILL b. Type of Well: OIL GAS WELL WELL	. X RE-ENTE	R DEEPEN SINCLE ZONE	PLUG BACK MULTIPLE ZONE	Grahan	n AKB Sta <sup>.</sup>		
2 Name of Operator Yates Petrol	eum Corporation	n		8. Well No.	3 ·		
3. Address of Operator			<del></del>	9. Pool name			
105 South For	urth Street, A	rtesia, NM 88210		Undesign	nated Los	t Tank Del	awar
4. Well Location	: 660 Feet	From The North	Line and 165	0 Feet F	From The E	ast	Line
Section 2	Town	nship 22 South Rang	e 31 East	NMPM	Eddy	Cox	umtv
		10. Proposed Depth 8500 '	1	1.Formation Delaware		Rozzy or C.T. Rotary	
13. Elevations (Show whether 3539 GR	er DF, RT, GR, etc.)	14. Kind & Status Plug. Bond Blanket	15. Drilling Contract Undes i gnat		ASAP	Work will start	
17.	P	ROPOSED CASING ANI			<del></del> -		
SIZE OF HOLE	SIZE OF CASING	<del></del>	SETTING DEPTH		CEMENT	EST. TOP	,
17 1/2"	13 3/8"	54.5#	850'	850		Circulate	
11"	8 5/8"	32.0#	4500'	2500		Circulate	
7 7/8"	5 1/2"	17 & 20#	TD	As warra	anted	Tie Back	
formations. Approximatel commercial, casing, perf  MUD PROGRAM: BOP PROGRAM:	Approximately y 4500' of int production cas orated and sti Native mud t BOP will be	n proposes to dril 850' of surface call ermediate casing wing will be run and mulated as needed o 850'; Brine to 4 installed at the own. Potash Corporat	asing will be ill be set ard cemented to for production 500'; cut Bri	e set and cond cond cement conditional conditions on the condition of the	ement circulated to the 8	culated. . If 5/8"	
IN ABOVE SPACE DESI	CRIBE PROPOSED PRO ENTER PROGRAM, IF ANY.	GRAM: IF PROPOSAL IS TO DEEPEN	OR PLUG BACK, GIVE DAT	A ON PRESENT PRODU	CTTVE ZONE AND F	PROPOSED NEW PRO	OUCTIVE
I bendy certify that the informations	The R. W	licte to the best of my knowledge and b	Permit Ad	jent	DATE	11-25-91	l
TYPE OR PRINT NAME	Clifton R. Ma	У			गच.छा	KONE NO. 748-	-1471
(This space for State Usc)					_		

\_ TITLE

CONDITIONS OF AFTEN YOLL IF ANY:

APPROVED BY ...

YATES PETROLEUM CORP. BEFORE THE COMMISSION NMOCD CASE NOS. 10446-10449 DE NOVO 09/09/92 EXHIBIT NO.

THE RESERVE THE PARTY OF THE PA

### OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

API NO. (2111good by OCD on New We	ils) ~//
5. Indicate Type of Lease STATE XX	FEE [

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210
DISTRICT III

CONDITIONS OF ATROVAL, IF ANY:

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

6. State Oil & Gas Lease No.

Well Location Unit Letter K: 1980 Feet From The South Line and 2310 Feet From The West  Section 2 Township 22 South Range 31 East NMPM Eddy	EFFEL OF BLUC PACK			
DRILL   RE-ENTER   DEEPEN   PLUG BACK   Flora AKF State      Name of Operator   SNOTE   ZONE   ZONE   Plug BACK   Flora AKF State	EEPEN, OH PLUG BACK	O DRILL, DEEPEN,	ON FOR PERMIT T	APPLICATI
h. Type of Well: Oil OAS WELL OTHER  SINGLE ZONE  SINGLE ZONE  SINGLE ZONE  Flora AKF State  Flora AKF State	7. Lease Name or Unit Agreement Name			L Type of Work:
Yates Petroleum Corporation  3. Address of Operator 105 South Fourth Street, Artesia, New Mexico  4. Well Location Unit Letter K: 1980 Feet From The South  Section 2 Township 22 South Range 31 East NMFM Eddy  10. Proposed Depth 8500' 11. Formation 12. Rozary or C. Delaware Rotary  13. Elevations (Show whether DF, RT, GR, etc.) 14. Kind & Status Plug, Bood Undesignated ASAP  17. PROPOSED CASING AND CEMENT PROGRAM  SIZE OF HOLE SIZE OF CASING Weight PER FOOT SETTING DEPTH SACKS OF CEMENT EST. T. 17 1/2" 13 3/8" 54.5# 850' 850' 850 Circulat. 11" 8 5/8 32.0# 4500' 2500 Circulat. 11" 8 5/8 32.0# 4500' 2500 Circulat. 7 7/8" 5 1/2" 17 & 20# TD As warranted Tie Back  Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated.	SINGLE MULTIPLE Flora AKF State	SINGLE	_	b. Type of Well:
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Well Location Unit Lener K: 1980 Feet From The South Line and 2310 Feet From The West  Section 2 Township 22 South Range 31 East NMFM Eddy  10. Proposed Depth 11. Formation 12. Rotary or C. 8500' Delaware Rotary  13. Elevations (Show whather DF, RT, GR, etc.) 14 Kind & Status Plug. Bood 15. Drilling Contractor Undesignated ASAP  17. PROPOSED CASING AND CEMENT PROGRAM  SIZE OF HOLE SIZE OF CASING WEIGHT PER FOOT SETTING DEPTH SACKS OF CEMENT EST. TO 17 1/2" 13 3/8" 54.5# 850' 850 Circulation 11" 8 5/8 32.0# 4500' 2500 Circulation 7 7/8" 5 1/2" 17 & 20# TD As warranted Tie Back  Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated.		<del></del>	um Corporation	
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10. Proposed Depth   11. Formation   12. Rodary of C.   8500'   Delaware   Rodary    13. Evaluons (Show whether DF, RT, GR, etc.)   14. Kind & Status Plug. Bond   15. Drilling Contractor   16. Approx. Date Work will state   3528'   Blanket   Undesignated   ASAP    17. PROPOSED CASING AND CEMENT PROGRAM  SIZE OF HOLE   SIZE OF CASING   WEIGHT PER FOOT   SETTING DEPTH   SACKS OF CEMENT   EST. To   17. 1/2"   13. 3/8"   54.5#   850'   850   Circulated   11"   8. 5/8   32.0#   4500'   2500   Circulated   7. 7/8"   5. 1/2"   17. & 20#   TD   As warranted   Tie Back    Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated.	th Line and 2310 Feet From The West	roma The South	: 1980 Feet F	
13 Elevations (Show whether DF.RT. GR. etc.)   14 Kind & Status Plug, Bood   15. Drilling Contractor   16. Approx. Date Work will state   3528'   Blanket   Undesignated   ASAP      17.   PROPOSED CASING AND CEMENT PROGRAM   SIZE OF HOLE   SIZE OF CASING   WEIGHT PER FOOT   SETTING DEPTH   SACKS OF CEMENT   EST. To the state   Stat	outh range 31 East NMPM Eddy Co.	hip 22 South R	Towns	Section 2
13 Elevations (Show whether DF. RT. GR. etc.)   14 Kind & Status Plug. Bood   15 Drilling Contractor   16 Approx. Date Work will state   3528'   Blanket   Undesignated   ASAP      17.   PROPOSED CASING AND CEMENT PROGRAM   SIZE OF CASING   WEIGHT PER FOOT   SETTING DEPTH   SACKS OF CEMENT   EST. To the state   17 1/2"   13 3/8"   54.5#   850'   850   Circulate   11"   8 5/8   32.0#   4500'   2500   Circulate   7 7/8"   5 1/2"   17 & 20#   TD   As warranted   Tie Back      Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate   formations. Approximately 850' of surface casing will be set and cement circulated.				
13. Elevations (Show Whether DF, RT, GR, etc.) 3528'  Blanket  Undesignated  ASAP  PROPOSED CASING AND CEMENT PROGRAM  SIZE OF HOLE  SIZE OF CASING  WEIGHT PER FOOT  SETTING DEPTH  SACKS OF CEMENT  EST. TO  17 1/2"  13 3/8"  54.5#  850'  850  Circulate  7 7/8"  5 1/2"  17 & 20#  TD  As warranted Tie Back  Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated.	· · · · · · · · · · · · · · · · · · ·	'////		
3528' Blanket Undesignated ASAP  PROPOSED CASING AND CEMENT PROGRAM  SIZE OF HOLE SIZE OF CASING WEIGHT PER FOOT SETTING DEPTH SACKS OF CEMENT EST. TO 17 1/2" 13 3/8" 54.5# 850' 850 Circulate 11" 8 5/8 32.0# 4500' 2500 Circulate 7 7/8" 5 1/2" 17 & 20# TD As warranted Tie Back  Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated.			- DE TT CT	
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$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		<del></del>		
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Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated.		-,		
commercial, production casing will be run and cemented to tie-back to the 8 5/8' casing, perforated and stimulated as needed for production.  MUD PROGRAM: Native mud to 850'; Brine to 4500'; cut Brine/Starch to TD.  BOP PROGRAM: BOP will be installed at the offset and tested daily for operational.  Letter has been sent to N.M. Potash Corporation.	casing will be set and cement circulated. If e run and cemented to tie-back to the 8 5/8' needed for production.	rmediate casing	ulli corporation	Yates Petrole
IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW ZONE, GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.	Corporation.	Jated as needed 850'; Brine to nstalled at the . Potash Corpora	Approximately 8 4500' of interproduction casing rated and stime Native mud to BOP will be interpreted to N.M.	formations. Approximately commercial, p casing, perfo  MUD PROGRAM:  BOP PROGRAM: Letter has be
I borroy certify that the information above is true and complete to the best of my knowledge and belief.  Skinature Permit Agent Date 1-21-	Corporation.  SALIS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRO	Jated as needed 850'; Brine to nstalled at the Potash Corpora	Approximately & 4500' of interroduction casing rated and stime Native mud to BOP will be interpreted to N.M.	formations. Approximately commercial, p casing, perfo  MUD PROGRAM:  BOP PROGRAM:  Letter has be IN ABOVE SPACE DESC ZONE GIVE BLOWOUT THEYER
	Corporation.  SALIS TO DEFEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROVIDED NEW PROPERTY REPORT AND PROVIDED NEW PROPERTY ADMINISTRATION OF PERMIT Agent 1-21-92	ulated as needed 850'; Brine to nstalled at the Potash Corpora RAM: preprotosalis to dota	Approximately & 4500' of interroduction casing rated and stime Native mud to BOP will be interpreted to N.M.	formations. Approximately commercial, p casing, perfo  MUD PROGRAM:  BOP PROGRAM:  Letter has be  IN ABOVE SPACE DESC ZONE. GIVE BLOWOUT PREVE  I borroy cardly that the inform
(This space for Sullo Use)  ORIGINAL SIGNED BY  MIKE WILLIAMS .  SIJPERVISOR, DISTRICT 19  TITLE  DATE	Corporation.  SALIS TO DEFEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROVIDED NEW PROPERTY REPORT AND PROVIDED NEW PROPERTY ADMINISTRATION OF PERMIT Agent 1-21-92	ulated as needed 850'; Brine to nstalled at the Potash Corpora RAM: #PPROPOSALISTO DOTE	Approximately & 4500' of interproduction casing rated and stime Native mud to BOP will be interpreted to N.M.  CRIBE PROPOSED PROGRAMA BY ANY.  DELOG SHOWE IS THE END COMPRETED FROM A COMPRETED	formations. Approximately commercial, p casing, perfo  MUD PROGRAM:  BOP PROGRAM:  Letter has be  IN ABOVE SPACE DESC 20NE. GIVE BLOWOUT PREVE  SKONATURE  SKONATURE

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

EXHIBIT NO.

EXHIBIT 3
State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210 OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

70		711 010441003 1110	Toe nom the outer			· · · · · · · · · · · · · · · · · · ·	Wall No
Operator YATES PETRO	DLEUM CORI	PORATION	Lease GRAH	AM AKB STAT	Е		Well No.
Unit Letter Section	on	Township	Range		C	ounty	
В	2	22 SOUTH	31	EAST	NMPM	EDDY	COUNTY, NM
Actual Footage Location of	Well:						
660 feet f	rom the NO	ORTH line a	nd 1650		feet from the	EAST	line _
Ground level Elev.	Producing		Pool	1	0		Dedicated Acreage:
3539.	DELA	UARB	UNDES	LOST TANK	= DELAU	ARE !	40 Acres
2. If more than of unitization, for Yes If answer is "no' this form if necessary than the second that the second than the second than the second than the seco	one lease is dediction lease of difference-pooling, etc.  'list the owners essary.	No If answer is "yes and tract descriptions which	and identify the ow to the well, have the type of consolidation	nership thereof (both interest of all owner ononsolidated. (Use re	ow.  as to working s been consolidativerse side of	interest and re	unitization,
		the well until all interests ha inating such interest, has bee			on, unitization, fo	orced-pooling	, or otherwise)
				A			
			,099		con	I hereby tained herein	OR CERTIFICATION certify that the information in true and complete to edge and belief.
		γ.	0 2795	1650		nature	R. May
			**************************************	<u> </u>	Posi	tion	R. May
	1			! !		<u>Permit</u>	<u>Agent</u>
	1			! !	j j	npany	
	i	}		i I			ROLEUM CORPORAT
				l 1	Date		25 1001
	!			<b>i</b>	NO	veiliber.	25, 1991
	<u> </u>			<u> </u>		SURVEY	OR CERTIFICATION
	       				on acti sup	this plat would surveys pervison, and rect to the	that the well location s as plotted from field not made by me or unde I that the same is true best of my knowledge
	_!			! <del> </del>	1 1	ue Surveyed	230 - 1991
YATES PETROLEU	           CORP-			  -  -  - 	Sig	enaum de Se of pessional Su	THE BOY THE STATE OF THE STATE
E THE COMMISSION				1		cruficate No.	
CASE NOS. 1044	6-10449	<u>,</u>		L	1 1	M PE&PS	NO ccist 12
09/09/92 DE		· *					G1.5.231-1-

Submit to Appropriate
District Office State Lease - 4 copies Fee Lease - 3 copies

State of New Mexico

EXHIBIT 3

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

Form C-102 Revised 1-1-89

## DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aziec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

Producing  Producing  DELA  acreage dedicated  n one lease is dedicated  n one lease of differere-pooling, etc.  s  o' list the owners  ccessary.  will be assigned to	DRTH Formation  4 R E to the subject well to the well, outerent ownership is derived by the subject well to the well of the we	atline each and ledicated to the ver is "yes" typ ns which have atterests have be	Range 31  1650 Pool UUDES. cil or hachure identify the or well, have the e of consolida actually been	marks on the wnership there interest of a tion consolidated.	Feet from  Sign Die Lin Wild Cit  plat below.  eof (both as to worki  Il owners been conso  (Use reverse side of	the EAS	Dedicated Acrea 40 royalty).	
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EXHIBIT 3

Submit to Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

#### OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

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Operator				Lease					Well No.	
YATES	PETROLEUM C	CORPORATION		FLOI	RA AKF	STATE			]	l
Unit Letter	Section	Township		Range			Coun	ty		
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Cubmit to Appropriate District Office State Lease - 4 copies Pee Lease - 3 copies

## State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised 1-1-89

#### OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II P.O. Urawer DD, Ariesia, NM 88210

DISTRICT 1 P.O. Box 1980, Hobbs, NM 88240

EINTRICT III 1000 Rio Brazos Rd., Aztoc, NM 87410

## WELL LOCATION AND ACREAGE DEDICATION PLAT All Distances must be from the outer boundaries of the section

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**R31E** 

## YATES PETROLEUM CORP POTASH LEASEES

EXHIBIT #4

1" = 2000

YATES PETROLEUM CORP.
BEFORE THE COMMISSION
NMOCD CASE NOS. 10446-10449
DATE: 09/09/92 DE NOVO
EXHIBIT NO.

LEASE NO. M-14957

#### RECEIVED RENEWAL MAR 6 10 27 AM '67

APPLICATION NO.M-14957.

### POTASH, MINING LEASE

(Under Act Approved March 12, 1929)

THIS INDENTURE OF LEAS	BE entered into in dup	licate this	thday of	February	*****
198.6.7 by and between the State	of New Mexico acting	; in this behalf	by GUYTON	B. HAYS	, ità
Commissioner of Public Lands, par	ty of the first part and	l hereinafter o	illed the lessor,	sud	45834-
Kermac Potash Company party of the second part and herein sions of Chapter 140 of the Session the Act, all of the provisions of said	A. Kerr-McGee  after called the lessee Laws of the New Me	BldgOl	clahomaCi	ty,Oklahoma,	73102
WITNESSETH:					
SECTION 1. THAT WHERE lease for the exploration, developm similar occurrence and their salts a	AS, the said lessee has sent and production o and compounds upon	f potassium, so	dium, phosphor	us and other minerals	
sum of FOUR HUNDRE	D AND FORTY E	IGHT AND	90/100***	(\$448.90)* Doll	ain
as the first annual rental thereon, to	gether with the sum	of \$5.00 applic	ation fee, evide	need by official rece	ipt
No.,,					
NOW, THEREFORE, in consistence with the lessor does hereby grant, demis exploration, development and proportions and their salts and constraints.	d royalties to be paid be, lease and let to the oduction of potassium inpounds in, upon an	l and the cover lesser exclus n, sodium, pho nd under the f	nants to be observed to be some some some some some some some som	rved as herein set for le and only purpose her minerals of simi ned land situated in	rth, of ilar the
County of Lea & Eddy	S	State of New L	lexico, and mor	e particularly describ	bed
as follows, to-wit: Common S	chools				
SUBDIVISION	SEC.	TWP.	RGE.	ACRES	
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)			ALL A	SSIGNED#	<i>‡</i>

containing 4,489,00 acres, more or less, together with the right to construct and maintain thereon all works, buildings, plants, waterways or reservoirs necessary to the full enjoyment thereof, including the right to drill, maintain and operate water wells on said lands and to produce and use the water therefrom; provided, that this lease shall extend only to and include any right or interest in the lands or the minerals therein reserved to the State of New Mexico under contract of purchase or deed heretofore or hereafter issued with a reservation of the minerals therein to said State.

TO HAVE AND TO HOLD the said lands and all rights and privileges granted hereunder for a term of ten years and as long thereafter as the said minerals or any of them in paying quantities shall be produced from the leased lands.

SECTION 2. In consideration of the premises, the lessee hereby sprees as follows, to-wit:

(a) Within twelve (12) months from date hereof, unless extension be granted, to begin actual drilling upon some portion of the lessed lands with machinery and equipment suitable for taking and preserving a core of salt formation, and to continue such drilling with reasonable diligence until a depth of 1800 feet shall be reached or the formations containing the minerals hereinaboye mentioned shall have been completely none.

YATES PETROLEUM CORP.
BEFORE THE COMMISSION
NMOCD CASE NOS. 10446-10449
DATE: 09/09/92 DE NOVO
EXHIBIT NO.

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frated and satisfactory evidence thereof furnished the lessor by the lessee. Provided, however, that where dejustice of said minerals are so situated that prospecting work may be effectually carried on by shafts, tunnels, open cuts or in any manner otherwise than by drilling test wells, such prospecting work may be accepted by the lessor in lien of the drilling of a well or wells as herein provided.

- (b) Upon the completion of the first well, as hereinabove provided for, to drill at least one such test well to completion on the said premises during each and every year thereafter during the ten year primary term of this lease or until the number of wells completed shall equal the number of sections of land of 640 acres each contained in this lease, a minor fraction of such a section to be disregarded and a major fraction to be treated and regarded as a full section for the purpose of this paragraph. Provided, however, that where conditions existent on the lands may justify, exploratory work other than by the drilling of wells may be accepted in lieu of such drilling upon proper showing thereof made by the leases.
- (e) To pay to the lessor annually in advance on the successive anniversary dates of this lesse the sum of ten cents (10c) per sure for each and every sore of land as to which the lesse may be in force when such payments shall become due, such rental payments to continue so long as this lesse shall remain in force. Provided, however, that the annual rental on this lesse shall not in any case be less than one hundred (\$100.00) dollars to be paid in cash.
- (d) To pay to the lessor a royalty of five per cent of the value of the minerals produced hereunder, such royalty to be computed upon the value of said minerals delivered at the nearest or most accessible railroad shipping point; all such royalty provided for herein expressly reserved to the lessor as provided by statute.
- (e) Rentals and royalties due the State shall constitute a first lien on any and all improvements on the land leased, prior and superior to any other lien or encumbrance whatsoever whether created with or without notice of the lien for rental or royalties due or to become due.
- (f) To furnish monthly certified statements in detail in such form as may be prescribed by the lessor, of the amount and value of output from the lessehold delivered at the nearest or most accessible alread shipping point, as a basis for determining the amount of royalties, and to permit at all reasonable times the inspection by the lessor or his duly authorized agent of all books and accounts of the lessee relating thereto, it being a condition of this grant that falsification of any such statements, records, books or accounts by the lessee shall be deemed and taken as sufficient ground for cancellation of this lesse.
- (g) To furnish the lessor annually a map showing all prospecting and development work on the lessed lands and other related information, together with a report showing all buildings, structures and workings placed thereon, and a complete statement of the amount of potassium and other minerals produced and saved by lessee's operations hereunder.
  - (h) If said minerals or any of them in commercially paying quantities shall be discovered on the lands ambraced herein, to develop and produce in commercial quantities with reasonable diligence the potassium and other mineral deposits susceptible of such production; to carry on all mining, reducing, refining and other operations in a good and workmanlike manner in accordance with approved methods and practice, having due regard to the health and safety of employees, the prevention of waste and the preservation and conservation of the property for further productive operations, and to observe all state laws relative to the health and safety of such employees, all mining and related productive operations to be subject to inspection by the lessor or his duly authorized agent and by other duly constituted state authority.
  - (i) To deliver to the lessor upon the termination of this lease as a result of forfeiture or otherwise, the lands covered hereby including all fixtures and improvements other than structures, buildings, derricks, machinery, equipment, tools and personal property located and used above ground and other than pumps, engines, air compressors, dynamos, motors, cars and other similar appliance used underground situated on any of said lands, in good order and condition so as to permit of immediate continued operation to the full extent and capacity of the leased premises. Provided, that upon such termination of the lease the lessee shall have ninety days from such termination to remove such machinery, tools, equipment and personal property from the leased premises if free from a state lien; and all such property shall become the property of the lessor if not so removed within said period of ninety days or within such extension of time as may be granted by the lessor.
  - (j) To pay when due all taxes lawfully assessed and levied under the laws of the State of New Mexico upon the improvements, output of mines and other rights, property and assets of the lesses.
  - (k) To comply with all statutory requirements where the surface of the lands embraced herein has been or may be leased, sold or otherwise disposed of under State laws reserving to the State of New Mexico the mineral deposits therein contained.
  - (1) Not to assign or sublet the premises covered hereby without the written consent and approval of the lessor.
  - (m) To take and preserve a core of all formations penetrated by any test well containing any of the minerals mentioned in Section 1 hereof, one-quarter of such core to be the property of the lessor and the lessee further agrees to farnish the lessor promptly copies of any and all analysis made by or for the lessee of cores taken from test wells drilled on the lessed premises, and copies of analysis of samples of minerals mined therefrom upon demand of the lessor.
  - (n) Before commencing operations hereunder to furnish the Commissioner of Public Lands a good and sufficient bond in the penal sum of not to exceed the thousand (\$10,000.00) dollars conditioned upon the faith-

ful performance by the lessee of all and singular, the terms and conditions of this lesse, and keep such hand in force and effect so long as lessee's operations shall continue under the terms hereof.

SECTION 3. The lessor hereby expressly reserves:

(a) The right to permit for joint or several such essements and rights of way upon, through or in the lands hereby issued as may be necessary or appropriate to the use or disposal of the lands for purposes other than the purpose of this lease, and the right to dispose of the surface of the said lands under the laws of the State of New Mexico now existing or hereafter enacted, insofar as said surface is not necessary or required for use of the lessee in extracting and removing the potash and other mineral deposits therein contained. And the lessee further expressly reserves the right to lease the said lands for minerals other than those described in Section 1 hereof, but the working of said lands under such lesse, for such other minerals shall not be permitted where such operations will prevent or materially interfere with the operations of the lessee hereunder.

SECTION 4. The lessee may at any time, by paying to the lessor all amounts then due the lessor as provided herein and the further sum of ten and no/100 (\$10.00) dollars surrender and cancel this lesse insofar as the same covers all or any portion of the land herein lessed, and be relieved from further obligations or liabilities hereunder as to the lands surrendered. Provided, that all wages or monies due and payable to the workmen employed by the lessee shall have been paid and that a satisfactory showing is made to the lessor that all creditors or others having an interest in or lien or claim against the lessee are fairly and equitably protected, but in no case shall such termination be effective until the lessee shall have made adequate provision for the preservation of any mines, productive works and permanent improvements on the lands covered hereby; and provided further that this surrender clause and the option herein reserved to the lessee shall cease and become absolutely inoperative immediately and concurrently with the institution of any suit in any court of law or equity by the lessor, lessee or any assignee to enforce this lesse or any of its terms, expressed or implied.

SECTION 5. If the lessee shall fail to comply with the provisions of this lesse or make default in the performance or observance of any of the terms, covenants and stipulations herein, and such default shall continue for thirty days after service of written notice thereof by the lessor, then the lessor may and he is hereby expressly authorized to declare a forfeiture and cancellation of this lesse. A waiver of any particular cause of forfeiture shall not prevent the cancellation and forfeiture of this lesse for any other cause of forfeiture or for the same cause occurring at any other time.

SECTION 6. It is expressly understood and agreed that all of the obligations, covenants, agreements, rights and privileges of this lease shall extend to and be blinding upon and inure to the benefit of the lawful assigns or successors in interest of the parties hereto.

IN WITNESS WHEREOF: The party of the first part has hereunto signed and caused its name to be slighted by its Commissioner of Public Lands, thereunto duly authorized, with the seal of his office affixed, and the lessee has signed this instrument the day and year first above written.

KERMAC POTASH COMPANY A Party world by

KERMAC POTASH COMPANY, A Partnership	STATE OF NEW MEXICO
By Newigonal Farmers Union	M STATE OF NEW MEALOW
Development Corporation, A Partner	- Skut Billian
- Common star 10	By: Commissioner of Public Lands,
By Canto And	KERMAC POTASH COMPANY, A Partnership
Vige President	By KERR-McGEE CORPORATION, A Partner,
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Secretary	M. F. Bolton, Vice President
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Upon thisday of	, 191, personally apprehied be-
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fore me	1 2
to me known to be the person described therein and wh	ho executed the above and foregoing instrument, and ar-
to me sale iii. to no the licelion mondanou establit mitte ii.	an carried the white this sure proof of the carried to
knowledged thatexecuted the same as	free art and deed.
IN WITNESS WHEREOF, I have hereunto set my	y hand and affixed my official seal the day and year in
this certificate first above written.	
This certificate in the above written.	
	Notary Public.
My Commission expires:	•

ATCO	rresident o ld corporat	i vri <b>ge</b> word	E CORPORAT	'ION. A Delaware	ore me this the known to me to corporation, o POTASH COMPANY,	n behalf
'' Hy' Ea	mission ex	pires: 3	-19-6	Flore Not	ary Public	tt_
<b>,</b>	OF COLORAD	0 }	88,	· .		
corpor of Ker	TATION, A DIEME POTASH	Seelded elaware corp COMPANY, a	1967, booration, Partnersh	of NATIONAL FAR on behalf of sa	ore me this the know the UNION DEVE	wn to me to
65						
LEASE NO.	POTASH MINING LEASE	FROM CONTINUES OF PUBLIC LANDS  OF PUBLIC LANDS	OF.			

MO NJ.

KNOW ALL MEN BY/THESE PRESENTS:

SANTAND DEVELOPMENT COMPANY, a partner style dymposed of

National Farmers Union Development Corporation, a Darkware corporation, and Kerr-VcGee Corporation, a Delaware corporation, hereinafter called "Masignor", party of the first part, for and in consideration of the fum of One Dollar, and other good and valuable consideration paid by KERR-McGEE CORPORATION whose postoffice address is Kerr-McGee Building, Oklahoma City, Oklahoma, hereinafter sometimes called the 'Assignee", party of the second part, effective as of the close of business on March 31, 1968, has sold, transferred, set over and assigned, and by these presents does sell, transfer, set over and assign to the Assignee, its successors and assigns, all of the Assignor's right, title, interest and claim in and to that certain Mineral Lease No. M-14957, made by the State of New Mexico to Kermac Potash Company under date of February 4, 1967, covering the following described lands:

W/2 ELLY 34 21S 31E 320.00 ALL ASSIGN 36 21S 31E 640.00 42 22S 31E 639.48 4 2 21S 31E 969.52	SUBD IV IS ION	N SEC. TWP. RG	E. ACRES
/ALL 16 22S 31E 640.00 /	/ ALL , ALL , ALL /ALL /ALL	" 36 21S 31 2 22S 31 2 21S 31 16 22S 31 32 22S 31	E 640.00 E 639.48 E 969.52 E 640.00 E 640.00

Containing 4,489.00 acres, more or less

The Assignee assumes and agrees to perform all obligations to the State of New Mexico insofar as said described lands are affected to pay such rental and royalties and to do such other acts as are by said lease required as to the above described subdivisions to the same extent and in the same manner as if the provisions of said lease were fully sat out herein.

It is agreed that the Assignee shall succeed to all the rights, benefits and privileges granted by the terms of said lease as to the lands above described.

IN WITNESS WHEREOF, The said party of the first part has hereunto set its hand and seal on this the 19th day of June, 1968.

KERMAC POTASH COMPANY

Assistant Secretary

BY: KERR-McGEE CORPORATION

> Love, President Partner

NATIONAL FARMERS UNION BY:

DEVELOPMENT CORPORATION

Dechant, President Tony T.

Partner

APPROVED THIS TO DAY OF

ssioner of Public

ATTES

Secretary



# NEW MEXICO STATE LAND OFFICE ASSIGNMENT OF MINERAL LEASE

A 200 0 ( 1000 0 100 11 )

# ₹300 170 но. 12 чес	с у хол сом дените	shall fils with th	pe / nuesro   17-30	)-80 -82
KNOW ALL MEN BY THESE PRESENTS:	•		114	
That KERR-MCGEE CORPOR	RATTION b.	evelostov celled "	Assignor", for and	n consideration of
(Assignor, include wife if the sum of One Dollar, and other g				
whose Post Office address is P.O. has sold, transferred, set over an the Assignee, his heirs, successor that certain Hineral Lease No. M. KERMAC POTASH COMPANY	d assigned, and by the and assigned all a	these presents does	eall, transfer, set	tover and assign to
only insofar as said lesse covers	the following descr	under date of Fi	ebruary 4	, 19 <u>67</u> ,
Institution - Section	Township	Range	Subdivision	Acres
	<u> </u>			-
SEE EXHIBIT "A" WHICH IS	S ATTACHED TO AN	ND MADE A PART (	OF THIS ASSIGNME	NT.
		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	: · · · ·	
Together with the personal property herewith.	y thereon, if any, i	appurtenant thereto	, or used or obtains	d in connection
as to the above-described subdivision lease were fully set out herein and Which is attached to and mad it is agrees that the Assignee shat the terms of said lease, as to the signed this 5th day	d Assignor is relieved a part of thi ll succeed to all th	ved of such obligat LS Assignment he rights, benefits had, 19 85	ions and duties. Se	e Exhibit "A"
ABSL. SECRETARY (Corporation O	nly)	ASSIGNOR	If Corporation Prin	
Partial Date 4-2	7-88		Corporation and Exe	suting Officer)
Assigned To U.S. H	·····	By: £	CALLED AND AND AND AND AND AND AND AND AND AN	
_	KUAA	, J.L.	Rainey, Senior	lice President
Address P.O. Rox		NAL ACKNOWLEDGMENT)	المرابع والمساور الم	
STATE OF Alb. nm 871	13.		en en en en en en en en en en en en en e	•
COUNTY OF	) <b>*</b>	,	•••	•
The foregoing instrument was	acknowledged before	me this	day of	, 19
by				
Hy Commission Expires.		_		g-1-y-10-y-g-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1
			Notaty 1	24 24. Pa
$\epsilon > \epsilon - 1$	(ACKNOWLEDGE	MENT BY ATTORNEY-IN	I-FACI)	DATE TO AS 18CE
STATE OF		egy en en en en en en en en en en en en en	<b></b>	TLMEO
אס עדאטר.	)	• •		FERATOR CO
The foregoing instrument was			- Luty-	
	acknowledged before	me this	day of	9

(ACENOWLEDGMENT BY CORPORATION) SANTA FE. N. MI

, •	OKLAHOMA)
	TY OF OKLAHOMA
	The foregoing instrument was acknowledged before me this 5th day of APRIL
γy	J.L. Rainey Senior Vice President , of Kerr-McGee Corporation
	(Name)
8 _	Delaware corporation, on behalf of said corporation.
Му	Commission Expires: 4-15-87 Mary of Enterns NOTARY PUBLIC
	APPROVAL OF THE COMMISSIONER
Off: San	ice of Commissioner of Public Lands ta Fe, New Mexico 87504-1148
I h	sreby certafy that the within Assignment was filed in my office on APRIL 15, 1985
	roved by mm and to be effective as to the State of New Mexico on Suptember 9, 1986
	Jim Basa_
	Commissioner of Public Lands
	INSTRUCTIONS AND INFORMATION
1.	All Assignments must be filed in triplicate, and should be filed in the State Land Office within 100 days from date of signing by Assignor and accompanied by Csshier's Check, Bank Draft, Postal Honsy Order, Express or Bank Money Order.
2.	Recording and approval fee is \$30.00 for each Assignment. (Additional investigation and records research fee of \$75.00 if Assignment is submitted more than 100 days after date of signing of Assignment).
3.	When Assignments are accompanied by personal check, the Commissioner of Public Lands reserves the right to withhold approval of Assignment until checks are paid.
4,	Assignment will not be approved when assigned to more than one person or corporation. (Assignment must cover one or more complete subdivisions and must not convey an undivided or fractional interest in the lasse, however, unapproved Assignments will be filed as miscellaneous instruments, see 7-9-29, N.M.S.A., 1953 Comp., and General Mining Rules 31 thru 38).
3.	Assignments must show complete Post Office address of Assignes.
6.	Assignments must be executed before an officer authorized to take acknowledgments of deeds. Use appropriate form.
7.	Assignments must show whether Assignors are married or single; if married, both husband and wife must sign the Assignment, and Certificate of Acknowledgment must show marital status of Assignors. (This may be waived if records show lease is separate property of Assignmen). Corporation must show state of incorporation.
8.	All official business, letters and communications, must be addressed to and sent direct to the Commissioner of Public Lands.
9.	Hake all payments for annual rentsl and recording approval fees to: Commissioner of Public Lands, P. O. Box 1148, Santa Pe, New Mexico 87504-1148.
10.	Performance Bond (Rule 42 - Change No. 2 - 8/7/72)  In addition, before a lease shall issue, the lease shall file with the Commissioner of Public Lands a bond in an amount to be set by the Commissioner which he does necessary to guarantee payment of royalties to become due the State of New Mexico. Unless and until the Commissioner sets a higher amount upon good cause shown, the minimum and usual amount of such bond shall be \$1,000.00 for a single lease bond and \$2,000.00 for a multiple lease bond.

M-30 7/15/83 7

# EXHIBIT "A" TO NEW MEXICO STATE LAND OFFICE ASSIGNMENT OF MINERAL LEASE DATED APRIL SA, 1985

Institution	Section	Township	Range	Subdivision (Lots1,2,3,4,5,	Nores 6,7,8,9,10,
C.S. C.S. C.S. C.S. C.S. C.S.	2 32 34, 36 2 16 32	21 South 21 South 21 South 21 South 22 South 22 South 22 South	31 East 31 East 31 East 31 East 31 East 31 East 31 East	ALL (Lot 51,2,3,4,5% ALL ALL ALL ALL ALL	640.00 320.00 640.00 640.00 640.00 640.00 4,489.00

It is understood and agreed that this Assignment is subject to that certain Overriding Royalty Interest assigned to Olen F. Featherstone pursuant to "Agreement of Compromise, Sattlement and Mutual Release", dated December 27, 1958, by and between National Farmers Union Services Corporation and Farm Chemical Resources Development Corporation and Olen F. Featherstone, et ux., and Assignment of Overriding Royalty Interest, dated August 10, 1966, from Kermac Potash Company to Olen F. Featherstone, Charles W. Hicks and Harvey E. Roelofs, Co-Trustees of the Olen F. Featherstone II Trust, and Olen F. Featherstone II, individually, all as modified and amended by that certain Agreement dated October 16, 1983, by and between Featherstone Corporation and Olen F. Featherstone II and Kerr-McGee Corporation.

DATE OF THE OFFICE OFFI

LEAS	SE NO	V-2705	-	APPL	ICATIO	NO	)-2705 <sup>^</sup> ,	<del></del>
			OIL AND GAS					
			(Discovery F	form)				
T	THIS AGREEM	OCTOBE ENT, dated	R 1	, 19	88	_ , betweer	the state of New	Mexico, acting
by an	d through its cor	nmissioner of public lands, h YATES PETROLEUM CORPO	ereinafter called the RATION, A NEW MEX	"lessor";	and RATION			
	e address is	105 SOUTH FOURTH STRE	ET					,
WIIOS	e address 15	ARTESIA, NEW MEXICO	88210					<del></del> -
herei	nafter called the	"lessee",				<del></del>	<del></del>	,
V	WITNESSETH	:						
lands	hereinafter desc	lessee has filed in the office of cribed and has tendered there	with the required fir	st paymer	nt; and	•	•	ase covering the
		of the requirements of law rela						n
T	THEREFORE, i	n consideration of the premis	es as well as the sun	n of	IK INUUDA	IND LIVE HE	NUKEU AND 00/10	
		nount of the tender above mer						
and the terms gasoli rights purpo ing either the terms of	nerefrom with the of this lease, togoine plants and fire and privileges resets to the free use ther during or af	ose of exploration, developme e right to own all oil and gas sether with rights-of-way, easy tures for producing, treating necessary, incident to or convector oil, gas, casing-head gas ofter the term hereof, all and an oject, however, to the covenant	so produced and save sements and servitude and caring for such enient for the econo or water from said land by improvements pla	ed therefr les for pip products, mical ope ids, but no iced or ere	om and not belines, te and hous ration of t from lessected on the	ot reserved lephone lind ling and bod said land, for sor's water w	as royalty by the loss, tanks, power herding employees, or oil and gas, with vells, and with the by the lessee, incl	essor under the ouses, stations, and any and all hright for such rights of remov-luding the right
	y of						, state of New Me	xico, and more
partic	cularly described	i as follows:						
Line		SUBDIVISION		Sec.	Twp.	Rge.	Acres	Institution
1	LOTS 1 (39.66 S2N2	3), 2 (39.81), 3 (39.93),	4 (40.06);	2	225	31E	319.48	C.S.
2				ļ				
3			<del>-</del>				çn i	
4			— Удтғ	S PETR	ROLEUM	CORP		<u> </u>
5			BEFORE THE NMOCD CASE	E COMMI	SSION 10446-	-10449	<u>- 원</u>	<b>G</b> 2
6			DATE: 09/ EXHIBIT NO	/09/92 D·	DE 1	 40A0	(a)	3

Said lands having been awarded to lesse	ee and designated as Tract No. SEPTEMBER 20	V-0-8 88	at a public sale held by th
commissioner of public lands on		. 19	

To have and to hold said land, and all the rights and privileges granted hereunder, to and unto the lessee for a primary term of five years from the date hereof, and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land by lessee, subject to all of the terms and conditions as hereinafter set forth.

In consideration of the premises the parties covenant and agree as follows:

- 1. Subject to the free use without royalty, as hereinbefore provided, the lessee shall pay the lessor as royalty one-sixth part of the oil produced and saved from the leased premises or the cash value thereof, at the option of the lessor, such value to be the price prevailing the day oil is run into the pipeline, if the oil be run into a pipeline, or into storage tanks, if the oil is stored.
- 2. Subject to the free use without royalty, as hereinbefore provided, at the option of the lessor at any time and from time to time, the lessee shall pay the lessor as royalty one-sixth, part of the gas produced and saved from the leased premises, including casing-head gas. Unless said option is exercised by lessor, the lessee shall pay the lessor as royalty one-sixth of the cash value of the gas, including casing-head gas, produced and saved from the leased premises and marketed or utilized, such value to be equal to the net proceeds derived from the sale of such gas in the field; provided, however, the cash value for royalty purposes of carbon dioxide gas and of hydrocarbon gas delivered to a gasoline plant for extraction of liquid hydrocarbons shall be equal to the net proceeds derived from the sale of such gas, including any liquid hydrocarbons recovered therefrom.

Notwithstanding the foregoing provisions, the lessor may require the payment of royalty for all or any part of the gas produced and saved under this lease and marketed or utilized at a price per m.c.f. equal to the maximum price being paid for gas of like kind and quality and under like conditions in the same field or area or may reduce the royalty value of any such gas (to any amount not less than the net proceeds of sale thereof, in the field) if the commissioner of public lands shall determine such action to be necessary to the successful operation of the lands for oil or gas purposes or to encouragement of the greatest ultimate recovery of oil or gas or to the promotion or conservation of oil or gas or in the public interest.

This lease shall not expire at the end of the primary term hereof if there is a well capable of producing gas in paying quantities located upon some part of the lands embraced herein, or upon lands pooled or communitized herewith, where such well is shut-in due to the inability of the lessee to obtain a pipeline connection or to market the gas therefrom, and if the lessee timely pays an annual royalty on or before the annual rental paying date next ensuing after the expiration of ninety days from the date said well was shut-in and on or before said rental date thereafter. The payment of said annual royalty shall be considered for all purposes the same as if gas were being produced in paying quantities and upon the commencement of marketing of gas from said well or wells the royalty paid for the lease year in which the gas is first marketed shall be credited upon the royalty payable hereunder to the lessor for such year. The provisions of this section shall also apply where gas is being marketed from said leasehold premises and through no fault of the lessee, the pipeline connection or market is lost or ceases, in which case this lease shall not expire so long as said annual royalty is paid as herein provided. The amount of any annual royalty payable under this section shall equal twice the annual rental due by the lessee under the terms of this lease but not less than three hundred twenty dollars (\$320) per well per year; provided, however, that any such annual royalty for any year beginning on or after ten years from the date hereof shall equal four times the annual rental due by the lessee under the terms of this lease but not Iess than two thousand dollars (\$2,000) per well per year; provided further, that no annual royalty shall be payable under this section if equivalent amounts are timely paid pursuant to another lease issued by lessor and if such other lease includes lands communitized with lands granted hereunder for the purpose of prorationally sharing in the shut-in well. Notwithstanding the provisions of this section to the contrary, this lease shall not be continued after five years from the date hereof for any period of more than ten years by the payment of said annual royalty unless, for good cause shown, the commissioner of public lands, in his discretion, grants such a continuance.

- 3. Lessee agrees to make full settlement on the twentieth day of each month for all royalties due the lessor for the preceding month, under this lease, and to permit the lessor or its agents, at all reasonable hours, to examine lessee's books relating to the production and disposition of oil and gas produced. Lessee further agrees to submit to lessor annually upon forms furnished by lessor, verified reports showing lessee's operations for the preceding year.
- 4. An annual rental at the rate of \_\_\_\_\_\_\_\_ per acre shall become due and payable to the lessor by the lessee upon each acre of the land above described and then claimed by such lessee and the same shall be due and payable in advance to the lessor on the successive anniversary dates of this lease, but the annual rental on any assignment shall in no event be less than forty dollars (\$40.00).

In the event the lessee shall elect to surrender any or all of said acreage, he shall deliver to the lessor a duly executed release thereof and in event said lease has been recorded then he shall upon request furnish and deliver to the lessor a certified copy of a duly recorded release.

- 5. The lessee may at any time by paying to the lessor all amounts then due as provided herein and the further sum of forty dollars (\$40.00), surrender and cancel this lease insofar as the same covers all or any portion of the lands herein leased and be relieved from further obligations or liability hereunder, in the manner as hereinbefore provided. Provided, this surrender clause and the option herein reserved to the lessee shall cease and become absolutely inoperative immediately and concurrently with the institution of any suit in any court of law or equity by the lessee, lessor or any assignee, to enforce this lease, or any of its terms expressed or implied.
- 6. All payments due hereunder shall be made on or before the day such payment is due, at the office of the commissioner of public lands in Santa Fe, New Mexico.
- 7. The lessee with the consent of the lessor shall have the rights to assign this lease in whole or in part. Provided, however, that no assignment of an undivided interest in the lease or in any part thereof nor any assignment of less than a legal subdivision shall be recognized or approved by the lessor. Upon approval in writing by the lessor of an assignment, the assignor shall stand relieved from all obligations to the lessor with respect to the lands embraced in the assignment and the lessor shall likewise be relieved from all obligations to the assignor as to such tracts, and the assignee shall succeed to all of the rights and privileges of the assignor with respect to such tracts and shall be held to have assumed all of the duties and obligations of the assignor to the lessor as to such tracts.

EXP 10-1-93 HBP

- 8. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land which is draining the leased premises, lessee shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances, provided that no such offset well shall be required if compensatory royalties are paid pursuant to an agreement between the lessor and the lessee.
- 9. The lessee agrees to notify the lessor of the location of each well before commencing drilling thereon, to keep a complete and accurate log of each well drilled and to furnish a copy thereof, verified by some person having actual knowledge of the facts, to the lessor upon the completion of any well, and to furnish the log of any unfinished well at any time when requested to do so by the lessor.

If any lands embraced in this lease shall be included in any deed or contract of purchase outstanding and subsisting issued pursuant to any sale made of the surface of such lands prior to the date of this lease, it is agreed and understood that no drilling operation shall be commenced on any such lands so sold unless and until the lessee shall have filed a good and sufficient bond with the lessor as required by law, to secure the payment for such damage to the livestock, range, water, crops or tangible improvements on such lands as may be suffered by the purchaser holding such deed or contract of purchase, or his successors, by reason of the developments, use and occupation of such lands by such lessee. Provided, however, that no such bond shall be required if such purchaser shall waive the right to require such bond to be given in the manner provided by law.

- 10. In drilling wells, all water-bearing strata shall be noted in the log, and the lessor reserves the right to require that all or any part of the casing shall be left in any nonproductive well when lessor deems it to the interest of the beneficiaries of the lands granted hereunder to maintain said well or wells for water. For such casing so left in wells the lessor shall pay to the lessee the reasonable value thereof.
- 11. Lessee shall be liable and agree to pay for all damages to the range, livestock, growing crops or improvements caused by lessee's operations on said lands. When requested by the lessor the lessee shall bury pipelines below plow depth.
- 12. The lessee shall not remove any machinery or fixtures placed on said premises, nor draw the casing from any well unless and until all payments and obligations due the lessor under the terms of this agreement shall have been paid or satisfied. The lessee's right to remove the casing is subject to the provision of Paragraph 10 above.
- 13. Upon failure or default of the lessee to comply with any of the provisions or covenants hereof, the lessor is hereby authorized to cancel this lease and such cancellation shall extend to and include all rights hereunder as to the whole of the tract so claimed, or possessed by the lessee, but shall not extend to, nor affect the rights of any other lessee or assignee claiming any portion of the lands upon which no default has been made; provided, however, that before any such cancellation shall be made, the lessor shall mail to the lessee so defaulting, by registered or certified mail, addressed to the post office address of such lessee as shown by the records of the state land office, a notice of intention of cancellation specifying the default for which cancellation is to be made, and if within thirty days from the date of mailing said notice the said lessee shall remedy the default specified in said notice, cancellation shall not be made.
- 14. If this lease shall have been maintained in accordance with the provisions hereof and if at the expiration of the primary term provided for herein oil or gas is not being produced on said land but lessee is then engaged in bona fide drilling or reworking operations thereon, this lease shall remain in full force and effect so long as such operations are diligently prosecuted and, if they result in the production of oil or gas, so long thereafter as oil and gas in paying quantities, or either of them, is produced from said land; provided, however, such operations extending beyond the primary term shall be approved by the lessor upon written application filed with the lessor on or before the expiration of said term, and a report of the status of all of such operations shall be made by the lessee to the lessor every thirty days and a cessation of such operations for more than twenty consecutive days shall be considered as an abandonment of such operations and this lease shall thereupon terminate.

If during the drilling or reworking of any well under this section, lessee loses or junks the hole or well and after diligent efforts in good faith is unable to complete said operations, then within twenty days after the abandonment of said operations, lessee may commence another well within three hundred thirty feet of the lost or junked hole or well and drill the same with due diligence.

Operations commenced and continued as herein provided shall extend this lease as to all lands as to which the same is in full force and effect as of the time said drilling operations are commenced; provided, however, this lease shall be subject to cancellation in accordance with Paragraph 13 hereof for failure to pay rentals or file reports which may become due while operations are being conducted bereunder.

- 15. Should production of oil and gas or either of them in paying quantities be obtained while this lease is in force and effect and should thereafter cease from any cause after the expiration of five years from the date hereof this lease shall not terminate if lessee commences additional drilling or reworking operations within sixty days after the cessation of such production and shall remain in full force and effect so long as such operations are prosecuted in good faith with no cessation of more than twenty consecutive days, and if such operations result in the production of oil or gas in paying quantities, so long thereafter as oil or gas in paying quantities is produced from said land; provided, however, written notice of intention to commence such operations shall be filed with the lessor within thirty days after the cessation of such production, and a report of the status of such operations shall be made by the lessee to the lessor every thirty days, and the cessation of such operations for more than twenty consecutive days shall be considered as an abandonment of such operations and this lease shall thereupon terminate.
- 16. Lessees, including their heirs, assigns, agents and contractors shall at their own expense fully comply with all laws, regulations, rules, ordinances and requirements of the city, county, state, federal authorities and agencies, in all matters and things affecting the premises and operations thereon which may be enacted or promulgated under the governmental police powers pertaining to public health and welfare, including but not limited to conservation, sanitation, aesthetics, pollution, cultural properties, fire and ecology. Such agencies are not to be deemed third party beneficiaries hereunder, however, this clause is enforceable by the lessor in any manner provided in this lease or by law.
- 17. Should lessor desire to exercise its rights to take in-kind its royalty share of oil, gas or associated substances or purchase all or any part of the oil, gas or associated substances produced from the lands covered by this lease, the lessee hereby irrevocably consents to the lessor exercising its right. Such consent is a consent to the termination of any supplier/purchaser relationship between the lessor and the lessee deemed to exist under federal regulations. Lessee further agrees that it will require any purchaser of oil, gas or associated substances to likewise waive any such rights.

- 18. Lessor reserves a continuing option to purchase at any time and from time to time, at the market price prevailing in the area on the date of purchase, all or any part of the minerals (oil and gas) that will be produced from the lands covered by this lease.
- 19. Lessor reserves the right to execute leases for geothermal resource development and operation thereon; the right to sell or dispose of the geothermal resources of such lands; and the right to grant rights-of-way and easements for these purposes.
- 20. All terms of this agreement shall extend to and bind the heirs, executors, administrators, successors and assigns of the parties hereto.

In witness whereof, the party of the first part has hereunto signed and caused its name to be signed by its commissioner of public lands thereunto duly authorized, with the seal of his office affixed, and the lessee has signed this agreement the day and year first above written.

STATE OF NEW MEXICO

	By: W. Q. Klumphies
	Commissioner of Public Lands, Lessor
	YATES PETROLEUM CORPORATION
	By: Attorney-in-Fact Lessee (Seal)
(PERSO	ONAL ACKNOWLEDGEMENT)
STATE OF	
COUNTY OF The foregoing instrument was acknowledged before me this	
My commission expires:	Near Dable
(ACKNOWI FD	Notary Public  DGEMENT BY ATTORNEY-IN-FACT)
STATE OF New Mexico	•
COUNTY OF Eddy	ss.
	3  day of October
Randy G. Patterson	as attorney-in-fact in behalf of
Yates Petroleum Corporation, a New My commission expires: 10-31-90	ew Mexico corporation.  Rancel Rusty Cunican
ACKNOWL	LEDGEMENT BY CORPORATION)
STATE OF	
COUNTY OF	> 58.
	day of, 19, by
(Name)	(Title) (Corporation)
a corporation, on behalf of said	corporation.
My commission expires:	Notary Public

LEAS	SE NO	V-2597		APPL	ICATION	NO	V-2597	-
				ND GAS LEASE scovery Form)				
τ	HIS AGREEM	IENT, dated	AUGUST 1	, 19	88_	_, between	the state of New	Mexico, acting
by and	i through its co	mmissioner of pu YATES PETR	iblic lands, hereinafter o OLEUM CORPORATION, A	called the "lessor" NEW MEXICO CORPO	, and RATION		·	
whose	address is	105 SOUTH	FOURTH STREET					· ·
WHOSE	e address is	ARTESIA, N	EW MEXICO 88210					
hereir	after called the	e "lessee",						,
V	VITNESSETH	<b>[:</b>						
			n the office of the commi ndered therewith the rec			plication for	an oil and gas lea	se covering the
V	VHEREAS, all	of the requirement	nts of law relative to the	application and te	nder have	been duly o	complied with;	
T	HEREFORE,	in consideration of	of the premises as well a	is the sum of	WELVE TH	OUSAND TWO	HUNDRED EIGHTY-	THREE AND
the sa	me being the a	mount of the tend	er above mentioned, and	d the further sum	of \$	3	30.00 filing	fee, and of the
			n, development and prod					
and th	erefrom with t	he right to own all	oil and gas so produced	d and saved therefi	om and no	ot reserved a	as royalty by the le	essor under the
			s-of-way, easements and					
			ing, treating and caring int to or convenient for t					
purpo	ses to the free u	se of oil, gas, casir	ng-head gas or water fror	n said lands, but no	t from less	or's water w	ells, and with the	rights of remov-
			of, all and any improver the covenants and con					
•	y of	רחחע					_	
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Said lands having been awarded to lessee and designated as Tract No.		V-5	at a public sale held by the
commissioner of public lands on	, 19 _	88	
To have and to hold said land, and all the rights and privileges granted	herei	ander, to and	unto the lessee for a primary term of five
years from the date hereof, and as long thereafter as oil and gas, or either of th			

EXP 8-1-93

163/2%

In consideration of the premises the parties covenant and agree as follows:

subject to all of the terms and conditions as hereinafter set forth.

- 1. Subject to the free use without royalty, as hereinbefore provided, the lessee shall pay the lessor as royalty one-sixth part of the oil produced and saved from the leased premises or the cash value thereof, at the option of the lessor, such value to be the price prevailing the day oil is run into the pipeline, if the oil be run into a pipeline, or into storage tanks, if the oil is stored.
- 2. Subject to the free use without royalty, as hereinbefore provided, at the option of the lessor at any time and from time to time, the lessee shall pay the lessor as royalty one-sixth, part of the gas produced and saved from the leased premises, including casing-head gas. Unless said option is exercised by lessor, the lessee shall pay the lessor as royalty one-sixth of the cash value of the gas, including casing-head gas, produced and saved from the leased premises and marketed or utilized, such value to be equal to the net proceeds derived from the sale of such gas in the field; provided, however, the cash value for royalty purposes of carbon dioxide gas and of hydrocarbon gas delivered to a gasoline plant for extraction of liquid hydrocarbons shall be equal to the net proceeds derived from the sale of such gas, including any liquid hydrocarbons recovered therefrom.

Notwithstanding the foregoing provisions, the lessor may require the payment of royalty for all or any part of the gas produced and saved under this lease and marketed or utilized at a price per m.c.f. equal to the maximum price being paid for gas of like kind and quality and under like conditions in the same field or area or may reduce the royalty value of any such gas (to any amount not less than the net proceeds of sale thereof, in the field) if the commissioner of public lands shall determine such action to be necessary to the successful operation of the lands for oil or gas purposes or to encouragement of the greatest ultimate recovery of oil or gas or to the promotion or conservation of oil or gas or in the public interest.

This lease shall not expire at the end of the primary term hereof if there is a well capable of producing gas in paying quantities located upon some part of the lands embraced herein, or upon lands pooled or communitized herewith, where such well is shut-in due to the inability of the lessee to obtain a pipeline connection or to market the gas therefrom, and if the lessee timely pays an annual royalty on or before the annual rental paying date next ensuing after the expiration of ninety days from the date said well was shut-in and on or before said rental date thereafter. The payment of said annual royalty shall be considered for all purposes the same as if gas were being produced in paying quantities and upon the commencement of marketing of gas from said well or wells the royalty paid for the lease year in which the gas is first marketed shall be credited upon the royalty payable hereunder to the lessor for such year. The provisions of this section shall also apply where gas is being marketed from said leasehold premises and through no fault of the lessee, the pipeline connection or market is lost or ceases, in which case this lease shall not expire so long as said annual royalty is paid as herein provided. The amount of any annual royalty payable under this section shall equal twice the annual rental due by the lessee under the terms of this lease but not less than three hundred twenty dollars (\$320) per well per year; provided, however, that any such annual royalty for any year beginning on or after ten years from the date hereof shall equal four times the annual rental due by the lessee under the terms of this lease but not Iess than two thousand dollars (\$2,000) per well per year; provided further, that no annual royalty shall be payable under this section if equivalent amounts are timely paid pursuant to another lease issued by lessor and if such other lease includes lands communitized with lands granted hereunder for the purpose of prorationally sharing in the shut-in well. Notwithstanding the provisions of this section to the contrary, this lease shall not be continued after five years from the date hereof for any period of more than ten years by the payment of said annual royalty unless, for good cause shown, the commissioner of public lands, in his discretion, grants such a continuance.

- 3. Lessee agrees to make full settlement on the twentieth day of each month for all royalties due the lessor for the preceding month, under this lease, and to permit the lessor or its agents, at all reasonable hours, to examine lessee's books relating to the production and disposition of oil and gas produced. Lessee further agrees to submit to lessor annually upon forms furnished by lessor, verified reports showing lessee's operations for the preceding year.
- 4. An annual rental at the rate of \_\_\_\_\_\_ per acre shall become due and payable to the lessor by the lessee upon each acre of the land above described and then claimed by such lessee and the same shall be due and payable in advance to the lessor on the successive anniversary dates of this lease, but the annual rental on any assignment shall in no event be less than forty dollars (\$40.00).

In the event the lessee shall elect to surrender any or all of said acreage, he shall deliver to the lessor a duly executed release thereof and in event said lease has been recorded then he shall upon request furnish and deliver to the lessor a certified copy of a duly recorded release.

- 5. The lessee may at any time by paying to the lessor all amounts then due as provided herein and the further sum of forty dollars (\$40.00), surrender and cancel this lease insofar as the same covers all or any portion of the lands herein leased and be relieved from further obligations or liability hereunder, in the manner as hereinbefore provided. Provided, this surrender clause and the option herein reserved to the lessee shall cease and become absolutely inoperative immediately and concurrently with the institution of any suit in any court of law or equity by the lessee, lessor or any assignee, to enforce this lease, or any of its terms expressed or implied.
- 6. All payments due hereunder shall be made on or before the day such payment is due, at the office of the commissioner of public lands in Santa Fe, New Mexico.
- 7. The lessee with the consent of the lessor shall have the rights to assign this lease in whole or in part. Provided, however, that no assignment of an undivided interest in the lease or in any part thereof nor any assignment of less than a legal subdivision shall be recognized or approved by the lessor. Upon approval in writing by the lessor of an assignment, the assignor shall stand relieved from all obligations to the lessor with respect to the lands embraced in the assignment and the lessor shall likewise be relieved from all obligations to the assignor as to such tracts, and the assignee shall succeed to all of the rights and privileges of the assignor with respect to such tracts and shall be held to have assumed all of the duties and obligations of the assignor to the lessor as to such tracts.

- 8. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land which is draining the leased premises, lessee shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances, provided that no such offset well shall be required if compensatory royalties are paid pursuant to an agreement between the lessor and the lessee.
- 9. The lessee agrees to notify the lessor of the location of each well before commencing drilling thereon, to keep a complete and accurate log of each well drilled and to furnish a copy thereof, verified by some person having actual knowledge of the facts, to the lessor upon the completion of any well, and to furnish the log of any unfinished well at any time when requested to do so by the lessor.

If any lands embraced in this lease shall be included in any deed or contract of purchase outstanding and subsisting issued pursuant to any sale made of the surface of such lands prior to the date of this lease, it is agreed and understood that no drilling operation shall be commenced on any such lands so sold unless and until the lessee shall have filed a good and sufficient bond with the lessor as required by law, to secure the payment for such damage to the livestock, range, water, crops or tangible improvements on such lands as may be suffered by the purchaser holding such deed or contract of purchase, or his successors, by reason of the developments, use and occupation of such lands by such lessee. Provided, however, that no such bond shall be required if such purchaser shall waive the right to require such bond to be given in the manner provided by law.

- 10. In drilling wells, all water-bearing strata shall be noted in the log, and the lessor reserves the right to require that all or any part of the casing shall be left in any nonproductive well when lessor deems it to the interest of the beneficiaries of the lands granted hereunder to maintain said well or wells for water. For such casing so left in wells the lessor shall pay to the lessee the reasonable value thereof.
- 11. Lessee shall be liable and agree to pay for all damages to the range, livestock, growing crops or improvements caused by lessee's operations on said lands. When requested by the lessor the lessee shall bury pipelines below plow depth.
- 12. The lessee shall not remove any machinery or fixtures placed on said premises, nor draw the casing from any well unless and until all payments and obligations due the lessor under the terms of this agreement shall have been paid or satisfied. The lessee's right to remove the casing is subject to the provision of Paragraph 10 above.
- 13. Upon failure or default of the lessee to comply with any of the provisions or covenants hereof, the lessor is hereby authorized to cancel this lease and such cancellation shall extend to and include all rights hereunder as to the whole of the tract so claimed, or possessed by the lessee, but shall not extend to, nor affect the rights of any other lessee or assignee claiming any portion of the lands upon which no default has been made; provided, however, that before any such cancellation shall be made, the lessor shall mail to the lessee so defaulting, by registered or certified mail, addressed to the post office address of such lessee as shown by the records of the state land office, a notice of intention of cancellation specifying the default for which cancellation is to be made, and if within thirty days from the date of mailing said notice the said lessee shall remedy the default specified in said notice, cancellation shall not be made.
- 14. If this lease shall have been maintained in accordance with the provisions hereof and if at the expiration of the primary term provided for herein oil or gas is not being produced on said land but lessee is then engaged in bona fide drilling or reworking operations thereon, this lease shall remain in full force and effect so long as such operations are diligently prosecuted and, if they result in the production of oil or gas, so long thereafter as oil and gas in paying quantities, or either of them, is produced from said land; provided, however, such operations extending beyond the primary term shall be approved by the lessor upon written application filed with the lessor on or before the expiration of said term, and a report of the status of all of such operations shall be made by the lessee to the lessor every thirty days and a cessation of such operations for more than twenty consecutive days shall be considered as an abandonment of such operations and this lease shall thereupon terminate.

If during the drilling or reworking of any well under this section, lessee loses or junks the hole or well and after diligent efforts in good faith is unable to complete said operations, then within twenty days after the abandonment of said operations, lessee may commence another well within three hundred thirty feet of the lost or junked hole or well and drill the same with due diligence.

Operations commenced and continued as herein provided shall extend this lease as to all lands as to which the same is in full force and effect as of the time said drilling operations are commenced; provided, however, this lease shall be subject to cancellation in accordance with Paragraph 13 hereof for failure to pay rentals or file reports which may become due while operations are being conducted because.

- 15. Should production of oil and gas or either of them in paying quantities be obtained while this lease is in force and effect and should thereafter cease from any cause after the expiration of five years from the date hereof this lease shall not terminate if lessee commences additional drilling or reworking operations within sixty days after the cessation of such production and shall remain in full force and effect so long as such operations are prosecuted in good faith with no cessation of more than twenty consecutive days, and if such operations result in the production of oil or gas in paying quantities, so long thereafter as oil or gas in paying quantities is produced from said land; provided, however, written notice of intention to commence such operations shall be filed with the lessor within thirty days after the cessation of such production, and a report of the status of such operations shall be made by the lessee to the lessor every thirty days, and the cessation of such operations for more than twenty consecutive days shall be considered as an abandonment of such operations and this lease shall thereupon terminate.
- 16. Lessees, including their heirs, assigns, agents and contractors shall at their own expense fully comply with all laws, regulations, rules, ordinances and requirements of the city, county, state, federal authorities and agencies, in all matters and things affecting the premises and operations thereon which may be enacted or promulgated under the governmental police powers pertaining to public health and welfare, including but not limited to conservation, sanitation, aesthetics, pollution, cultural properties, fire and ecology. Such agencies are not to be deemed third party beneficiaries hereunder, however, this clause is enforceable by the lessor in any manner provided in this lease or by law.
- 17. Should lessor desire to exercise its rights to take in-kind its royalty share of oil, gas or associated substances or purchase all or any part of the oil, gas or associated substances produced from the lands covered by this lease, the lessee hereby irrevocably consents to the lessor exercising its right. Such consent is a consent to the termination of any supplier/purchaser relationship between the lessor and the lessee deemed to exist under federal regulations. Lessee further agrees that it will require any purchaser of oil, gas or associated substances to likewise waive any such rights.

- 18. Lessor reserves a continuing option to purchase at any time and from time to time, at the market price prevailing in the area on the date of purchase, all or any part of the minerals (oil and gas) that will be produced from the lands covered by this lease.
- 19. Lessor reserves the right to execute leases for geothermal resource development and operation thereon; the right to sell or dispose of the geothermal resources of such lands; and the right to grant rights-of-way and easements for these purposes.
- 20. All terms of this agreement shall extend to and bind the heirs, executors, administrators, successors and assigns of the parties hereto.

In witness whereof, the party of the first part has hereunto signed and caused its name to be signed by its commissioner of public lands thereunto duly authorized, with the seal of his office affixed, and the lessee has signed this agreement the day and year first above written.

My commission expires:	Notary Public
a corporation, on behalf of s	aid corporation.
(Name)	(Title) (Corporation)
The foregoing instrument was acknowledged before me th	s day of, 19, by
COUNTY OF	<i>}</i>
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	WLEDGEMENT BY CORPORATION)
rry commission expires.	ONotary Public
My commission expires: 10-31-90	
Randy G. Patterson Yates Petroleum Corporation, a l	as attorney in fact in behalf of
The foregoing instrument was acknowledge before me this	Olde day of August , 19 00 , by
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STATE OF New Mexico	
	EDGEMENT BY ATTORNEY-IN-FACT)
My commission expires:	Notary Public
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	By: (Seal)
	YATES PETROLEUM CORPORATION
•	
1	Commissioner of Public Lands, Lessor
) i	By: W. Q. Humphum
<i>l</i> → `	STATE OF NEW MEXICO
; \	STATE OF NEW MEXICO

#### BEFORE THE OIL CONSERVATION DIVISION

#### OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF YATES PETROLEUM CORPORATION FOR PERMITS TO DRILL, EDDY COUNTY, NEW MEXICO

CASE NOS. 10446, 10447 10448, 10449

CERTIFICATE OF MAILING AND

#### COMPLIANCE WITH RULE 1207

In accordance with Division Rule 1207, I hereby certify that copies of the applications filed in and notice of the hearing of the above-referenced case were mailed, at least twenty days prior to the hearing of March 19, 1992, to the operators and interested parties listed in Exhibit "A".

Also attached hereto are representative copies of said correspondence and evidence of its receipt as Exhibit "B".

LOSEE, CARSON, HAAS & CARROLL, P.A. P. O. Drawer 239 Artesia, New Mexico 88211-0239

Attorneys for Applicant

STATE OF NEW MEXICO )

: ss

EDDY ) COUNTY OF

SUBSCRIBED AND SWORN TO before me this March 17, 1992.

My commission expires: //-/7-93\_

YATES PETROLEUM CORP. BEFORE THE COMMISSION NMOCD CASE NOS. 10446-10449 DATE: 09/09/92 DE NOVO EXHIBIT NO. \_\_\_\_8

#### EXHIBIT "A"

Mr. Armando Lopez
Assistant District Manager, Minerals
Bureau of Land Management
P. O. Box 1397
Roswell, NM 88201

Mr. Ernie Szabo New Mexico State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501

Mr. Bob Lane
New Mexico Potash Corporation
P. O. Box 610
Hobbs, NM 882410

#### LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL
JOEL M. CARSON
JAMES E. HAAS
A.J. LOSEE
DEAN B. CROSS
MARY LYNN BOGLE

300 YATES PETROLEUM BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE (505) 746-3505 TELECOPY (505) 746-6316

P.A.

January 21, 1992

## CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Ernie Szabo New Mexico State Land Office 310 Old Santa Fe Trail Santa Fe, New Mexico 87501

Re: Applications of Yates Petroleum Corporation for Permits to Drill, Eddy County, New Mexico

Dear Mr. Szabo:

This office represents Yates Petroleum Corporation. On January 20, 1992 the above-referenced Applications were sent for filing by Yates Petroleum Corporation for permits to drill its Graham "AKB" State No. 3 Well, its Graham "AKB" State No. 4 Well, and its Flora "AKF" State No. 1 Well, all in Section 2, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. Copies of those Applications are enclosed for reference.

I will furnish you with the date for the hearing on said Applications once we have received same in this office. Any party wishing to appear must file a prehearing statement by the Friday prior to the date of hearing, and any party wishing to receive other parties' prehearing statements or pleadings must file an entry of appearance.

I would request that you notify us whether or not you will protest the proposed Applications referred to herein. If you have any questions, please do not hesitate to contact me.

	SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.  1. Show to whom delivered, date, and addressee's address.  2. Restricted Delivery (Extra charge)					
ELC:b Enclo	3. Article Addressed to:  Mr. Canic Stable  Typ State family Affice  3.16 Clof Santa Fe Shail  5. Signature — Address  X  6. Signature — Agent  X  7. Date of Delivery  1992	4. Article Number    D 5 7/4    D 3 3				

#### LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL
JOEL M. CARSON
JAMES E. HAAS
A. J. LOSEE
DEAN B. CROSS
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P. O. DRAWER 239
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE (505) 746-3505 TELECOPY (505) 746-6316

January 21, 1992

## CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Bob Lane New Mexico Potash P. O. Box 610 Hobbs, New Mexico 88241

Re: Applications of Yates Petroleum Corporation for Permits to Drill, Eddy County, New Mexico

Dear Mr. Lane:

This office represents Yates Petroleum Corporation. On January 20, 1992 the above-referenced Applications were sent for filing by Yates Petroleum Corporation for permits to drill its Graham "AKB" State No. 3 Well, its Graham "AKB" State No. 4 Well, and its Flora "AKF" State No. 1 Well, all in Section 2, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. Copies of those Applications are enclosed for reference.

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	SENDER: Complete items 1 and 2 when additional 3 and 4.  Put your address in the "RETURN TO" Space on the rever card from being returned to you. The return receipt fee will p to and the date of delivery. For additional fees the following for fees and check box(es) for additional service(s) reques 1.   Show to whom delivered, date, and addressee's ad (Extra charge)		P.A	
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#### LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL
JOEL M. CARSON
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A. J. LOSEE

DEAN B. CROSS

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ARTESIA, NEW MEXICO 88211-0239

TELEPHONE (505) 746-3505 TELECOPY (505) 746-6316

January 21, 1992

## CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Armando Lopez Assistant District Manager, Minerals Bureau of Land Management P. O. Box 1397 Roswell, New Mexico 88201

Re: Applications of Yates Petroleum Corporation for Permits to Drill, Eddy County, New Mexico

#### Dear Mr. Lopez:

This office represents Yates Petroleum Corporation. On January 20, 1992 the above-referenced Applications were sent for filing by Yates Petroleum Corporation for permits to drill its Graham "AKB" State No. 3 Well, its Graham "AKB" State No. 4 Well, and its Flora "AKF" State No. 1 Well, all in Section 2, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. Copies of those Applications are enclosed for reference.

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RROLL, P.A.

#### LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL
JOEL M. CARSON
JAMES E. HAAS
A. J. LOSEE
DEAN B. CROSS
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300 YATES PETROLEUM BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE (505) 746-3505 TELECOPY (505) 746-6316

February 10, 1992

## CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Armando Lopez Assistant District Manager, Minerals Bureau of Land Management P. O. Box 1397 Roswell, NM 88201

Re: Applications of Yates Petroleum Corporation for Permits to Drill, Eddy County, New Mexico OCD Case Nos. 10446, 10447, 10448, 10449

Dear Mr. Lopez:

I am writing to notify you that the hearing date for the above-referenced applications of February 20, 1992, has been changed to March 19, 1992.

Very truly yours,

P 885 851 E68 LOSEE, CARSON, HAAS & CARROLL, P.A.

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#### LOSEE, CARSON, HAAS & CARROLL, P. A. 300 YATES PETROLEUM BUILDING

ERNEST L. CARROLL JOEL M. CARSON JAMES E. HAAS A. J. LOSEE DEAN B. CROSS

MARY LYNN BOGLE

P. O. DRAWER 239 ARTESIA, NEW MEXICO 88211-0239

TELEPHONE (505) 746-3505 TELECOPY (505) 746-6316

February 10, 1992

#### CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Bob Lane New Mexico Potash P. O. Box 610 Hobbs, NM 88241

> Applications of Yates Petroleum Corporation for Permits to Drill, Eddy County, New Mexico OCD Case Nos. 10446, 10447, 10448, 10449

Dear Mr. Lane:

I am writing to notify you that the hearing date for the abovereferenced applications of February 20, 1992, has been changed to March 19, 1992.

Very truly yours,

P 885 891 267

Certified Mail Receipt No Insurance Coverage Provided Do not use for International Mail

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LOSEE, CARSON, HAAS & CARROLL, P.A.

and Tanail

± U.S. GPO: 1991-287-066 DOMESTIC RETURN RECEIPT

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MARTIN YATES, III 1912 - 1985 FRANK W. YATES 1936 - 1986

November 21, 1991

Mr. Bob Lane New Mexico Potash P.O. Box 610 Hobbs, NM 88241

SENDER: Complete items 1 and 2 when a 3 and 4.  Put your address in the "RETURN TO" Space on their from being returned to you. The return receipt fee will the date of delivery. For additional fees the following and check boxies) for additional service(s) requested.  1.  Show to whom delivered, date, and address:  (Eura charge)	provide you the name of the person delivered to and services are available. Consult postmaster for fees
3. Article Addressed to:	4. Article Number
Mr. Bob Lane New Mexico Potash P.O. Box 610 Hobbs, NM 88241	P 384 291 931  Type of Service:  Registered Insured  COD Return Receipt for Merchandise  Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Addressee	8. Addressee's Address (ONLY if requested and fee paid)
6. Sanature Agent	Flora AKF #1 Graham AKB #3 & 4
7. Date of Delivery	Martha AIK Fed. #7,8,&9
PS Form 3811, Apr. 1989 .U.S.G.P.O. 198	9-238-815 DOMESTIC RETURN RECEIPT

Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2705. We have staked the following location:

Graham AKB State #4 1980' FNL and 1650' FEL Sec. 2-T22S-R31E Eddy County, NM

An application to Drill is being filed with the Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

YATES PETROLEUM CORP.
BEFORE THE COMMISSION
NMOCD CASE NOS. 10446-10449
DATE: 09/09/92 DE NOVO
EXHIBIT NO.

Sincerely,

YATES PETROLEUM CORPORATION

Clifton R. May Permit Agent

CRM/tg	
NO OBJECTIONS OFFERED	
NEW MEXICO POTASH	9
By:	

-orm 3800.	· U.S	.G.P.O.	1989-2	34-555							
Postrark or Date 11-21-91 Graham AKB Flora AKF #1 Martha AIK Fed. #7,8	TOTAL Postage and Fres	Return Receipt showing to whom Date and Address of Delicery	Return Receipt showing to whom and Date Delivered	Restricted Delivery Fee	Special Delivery Fee	Cerbled Fee	Postage	en. Hobbes, TIPMe 88241	Smel Apt to. Box 610	Sent to MR. Bob Lane	(See Hoverse)
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SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. MARTIN YATES, III EX 86 1912 - 1985 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person develed to and the date of delivery. For additional fees the following services are available. Consuit postmaster for fees FRANK W. YATES 1936 - 1986 and check box(es) for additional service(s) requested. 1.  $\square$  Show to whom delivered, date, and addressee's address. 2.  $\square$  Restricted Delivery (Extra charge) = 3. Article Addressed to: 4. Article Number P 384 291 931 Type of Service: Mr. Bob Lane Registered Insured New Mexico Potash XX Certified Return Receipt for Merchandise P.O. Box 610 November 21, 1991 Hobbs, NM 88241 Always obtain signature of addressee or agent and DATE DELIVERED 5. Signature - Addressee 8. Addressee's Address (ONLY if requested and fee paid) Mr. Bob Lane Flora AKF #1 Wall New Mexico Potash Graham AKB #3 & 4 P.O. Box 610 Martha AIK Fed. #7,8,&9 7. Date of Delivery Hobbs, NM 88241 DOMESTIC RETURN RECEIPT PS Form 3811, Apr. 1989 Dear Mr. Lane: U.S.G.P.O. 1989-238-815 Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2705. We have staked the following location: Graham AKB State #3 660' FNL and 1650' FEL Sec. 2-T22S-R31E Eddy County, NM An application to Drill is being filed with the Oil Conservation District. We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope. Your favorable consideration of this request will be greatly appreciated. Sincerely, YATES PETROLEUM CORP. YATES PETROLEUM CORPORATION BEFORE THE COMMISSION NMOCD CASE NOS. 10446-10449 09/09/92 DE NOVO EXHIBIT NO. Clifton R. May Permit Agent CRM/tg U.S.G.P.O. 1989-234-555 orm 3800, June 1985 Postmark or Dat 11-21-91 Street Centified Fee Return Receipt showing to who Date, and Address of Delivery Special Delivery Fee TOTAL Return Restricted Delivery Fee 0 lora NO OBJECTIONS OFFERED rtha Ho'b B's ਰ 961.pg Ti Receipt showing m and Date Delivered Postage and Fees **NEW MEXICO POTASH** AIK ВоЬ Вох Graham #1 By: Fed. Title: 6 Date: whom 10

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SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. MARTIN YATES, II 1912 - 1985 FX 8C FRANK W. YATES 1936 - 1986 1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge) = 4. Article Number 3. Article Addressed to: P 384 291 931 Type of Service: Mr. Bob Lane nsured Registered New Mexico Potash Certified COD Return Receipt for Merchandis P.O. Box 610 Express Mail Hobbs, NM 88241 November 21, 1991 Always obtain signature of addressee or agent and DATE DELIVERED. 8. Addressee's Address (ONLY if 5. Signature - Addressee requested and fee paid) Flora AKF #1 Mr. Bob Lane anature & Graham AKB #3 & 4 ulus; New Mexico Potash P.O. Box 610 Martha AIK Fed. #7,8,89 7. Date of Delivery Hobbs, NM 88241 DOMESTIC RETURN RECEIPT PS Form 3811, Apr. 1989 . U.S.G.P.O. 1989-238-815 Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2597. We have staked the following location:

Flora AKF State #1 660' FSL and 2310' FWL Sec. 2-T22S-R31E Eddy County, NM

An application to Drill is being filed with the Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

YATES PETROLEUM CORP.
BEFORE THE COMMISSION
NMOCD CASE NOS. 10446-10449
DATE: 09/09/92 DE NOVO
EXHIBIT NO.

Sincerely,

YATES PETROLEUM CORPORATION

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Clifton R. May

	Form 3800, June 1985							· U.S.G.P.O. 1989-234-555				
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MARTIN YATES, III 1912 - 1985 FRANK W. YATES



#### 105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471

S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

January 16, 1992

Mr. Bob Lane New Mexico Potash P.O. Box 610 Hobbs, NM 88241

Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2597. We have staked the following location:

> Flora "AKF" State #2 1980' FSL and 2310' FWL' Sec. 2-T22S-R31E Eddy County, NM

A Application to Drill has been filed with Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this porposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

YATES PETROLEUM CORP. BEFORE THE COMMISSION NMOCD CASE NOS. 10446-10449 DATE: 09/09/92\_ DE NOVO EXHIBIT NO.

Sincerely,

YATES PETROLEUM CORPORATION

Clifton R. May Permit Agent

CRM/tg

NO OBJECTIONS OFFERED

**NEW MEXICO POTASH** 

Title: Date: **OBJECTIONS OFFERED** 

**NEW MEXICO POTASH** 

#### STATE OF NEW MEXICO



#### ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

#### MEMORANDUM Y CARRUTHERS

GARREY CARRUTHERS

POST OFFICE BOX 2088 STATS LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

TO:

NEW MEXICO OIL PRODUCERS

FROM:

WILLIAM J. LeMAY, Director, Oil Conservation Division

SUBJECT:

REGULATORY INITIATIVES TO INCREASE NEW MEXICO'S

OIL PRODUCTION

DATE:

SEPTEMBER 6, 1990

In response to the crisis in the Middle East, the Secretary of the Energy has asked oil producing states to take initiatives to increase domestic oil production.

To meet the Secretary's request, the New Mexico Oil Conservation Commission has placed on the September 24, 1990, docket a hearing to receive comments and suggestions from the oil industry on steps which the Division or the Commission might take to increase New Mexico's oil production immediately, and in the short term (3 to 6 months) and longer time frames.

The Commission is particularly interested to learn if producers see any Oil Conservation Division regulatory impediments which hinder drilling and/or production, whether oil allowables could be increased or eliminated, without violating correlative rights or creating waste, if there are any rule changes which could promote additional oil production and suggestions from industry relating to the Energy Secretary's directive. The Commission is soliciting comments only on actions which it or the Division might take and not on legislative initiatives or actions which would necessarily have to be taken by other governmental agencies, such as the Bureau of Land Management or Internal Revenue Service.

While no order will be issued as a result of this hearing, the Commission will utilize industry input in the implementation of regulatory policy which will allow or encourage higher production levels, either from existing wells or from new developments, without causing waste or impairing correlative rights.

YATES PETROLEUM CORP.
BEFORE THE COMMISSION
NMOCD CASE NOS. 10446-10449
DATE: 09/09/92 DE NOVO
EXHIBIT NO.