

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245

Fax (505) 827-5766



**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

March 9, 2000

Campbell, Carr, Berge & Sheridan, P.A.  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208

Attention Mr. Bill Carr:

Re: Preliminary Approval  
Shinnery State Unit  
Lea County, New Mexico

Dear Mr. Carr:

This office has received your letter of March 3, 2000 and the unexecuted copy of the unit agreement for the proposed Shinnery State Unit area, Lea County, New Mexico. A review of the unit area reveals that since several wells have already penetrated the shallow zones of the unit area, only the deeper zones of the unit area qualify for exploratory unit status. In view of the above, preliminary unit approval is hereby granted for all zones deeper than 10,127 feet.

Preliminary approval is given with the understanding that Article 2, Unitized Substances be amended to read as follows: The unitized interval shall be limited to only those formations correlated deeper than the total measured depth of the Prairie Schooner "AIF" State Well No. 1 electric well log dated January 7, 1991. The Prairie Schooner "AIF" State Well No. 1, was drilled to a total measured depth of 10,127 feet in Lot 3, Section 5, Township 10 South, Range 34 East, Lea County, New Mexico.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Amendment to Article 2, Unitized Substances of the Unit Agreement.
2. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
3. Pursuant to Rule 1.045, applications for approval shall contain a statement of facts showing:
  - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
  - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
  - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
  - d. That such unit agreement is in other respects for the best interest of the trust.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 112336  
Exhibit No. 11  
Submitted by:  
Yates Petroleum Corporation  
Hearing Date: March 16, 2000

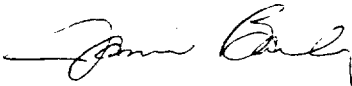
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March 9, 2000  
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4. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
5. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
6. A copy of the Unit Operating Agreement (if applicable).
7. Copies of all the well records for the initial unit well.
8. A \$150.00 filing fee.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/pm

cc: OCD-Santa Fe, Attention: Mr. Roy Johnson  
Yates Petroleum Corporation