

#12,549



PATRICK H. LYONS  
COMMISSIONER

*State of New Mexico*  
*Commissioner of Public Lands*

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

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

May 5, 2003

RECEIVED

Yates Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210-2118

Attn: Ms. Bonnie Floore

2003 Plan of Development  
North Papalotes Unit  
Lea County, New Mexico

Dear Ms. Floore:

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

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

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

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

A handwritten signature in cursive script, appearing to read "Jami Bailey".

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

PL/JB/cpm  
xc: Reader File

OCD

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760  
Fax (505) 827-5766

**ADMINISTRATION**

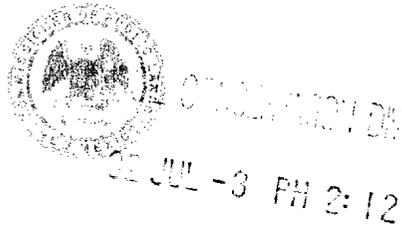
Phone (505) 827-5700  
Fax (505) 827-5853

**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

July 1, 2002

Yates Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210-2118

Attn: Ms. Bonnie Floore

2002 Plan of Development  
North Papalotes Unit  
Lea County, New Mexico

Dear Ms. Floore:

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

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

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

Very truly yours,

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/cpm  
xc: Reader File

OCD

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766



COMMERCIAL RESOURCES  
Phone (505) 827-5724  
Fax (505) 827-6157

ADMINISTRATION  
Phone (505) 827-5700  
Fax (505) 827-5853

MINERAL RESOURCES  
Phone (505) 827-5744  
Fax (505) 827-4739

GENERAL COUNSEL  
Phone (505) 827-5713  
Fax (505) 827-4262

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

ROYALTY MANAGEMENT  
Phone (505) 827-5772  
Fax (505) 827-4739

PUBLIC AFFAIRS  
Phone (505) 827-1245  
Fax (505) 827-5766

SURFACE RESOURCES  
Phone (505) 827-5793  
Fax (505) 827-5711

February 27, 2002

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

Attn: Mr. Robert Bullock

Re: North Papalotes State Unit Well No. 1  
NE/4NE/4 Sec. 36-14S-34E  
Commercial Well Determination  
Lea County, New Mexico

Dear Mr. Bullock:

We received your letter of February 20, 2002 together with data that supports your commercial determination regarding the North Papalotes State Unit Well No. 1.

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

Please submit your 2002 Plan of Development for this unit.

Our notice of termination letter dated January 29, 2002 is hereby rescinded. 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:

Handwritten signature of Jami Bailey in cursive.

JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744  
RP/JB/pm

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

12547

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

January 26, 2001

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

Attn: Mr. Robert Bullock

Re: Final Approval  
North Papalotes State Unit  
Lea County, New Mexico

Dear Mr. Bullock:

This office is in receipt of your letter of January 26, 2001, requesting final approval to the North Papalotes State Unit Agreement, Lea County, New Mexico

Please be advised that the Commissioner of Public Lands has this date granted final approval to the North Papalotes State Unit Agreement, Lea County, New Mexico. The effective date of your agreement is January 26, 2001.

Operations for the initial unit well should commence on or before February 1, 2001. Please advise this office when drilling operations begin. Also, please continue to submit subsequent drilling reports every thirty days until the well is completed.

Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed are (5) Certificates of Approval.

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: *Anthony H. Neal*  
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744  
RP/JB/pm  
pc: Reader File, *[Redacted]*

(EXPLORATORY)

UNIT AGREEMENT: NORTH PAPALOTES STATE UNIT  
OPERATOR: YATES PETROLEUM CORPORATION  
LEA COUNTY, NEW MEXICO

DATE	OCC CASE NO.	TOTAL	STATE	FEDERAL	FEE	SEGREGATION	TERM
APPROVED	OCC ORDER NO.	ACREAGE				CLAUSE	
EFFECTIVE	CASE NO. 12549	1600.00	1600.00	0	0	STRICT	5 YEARS
01/26/2001	ORDER NO. R-11417						SO LONG AS

APPROVALS

SLO--1-26-2001  
OCD--1-24-2001

TOWNSHIP 14 SOUTH, RANGE 34 EAST

SECTION 25: ALL  
SECTION 26: ALL  
SECTION 36: N/2

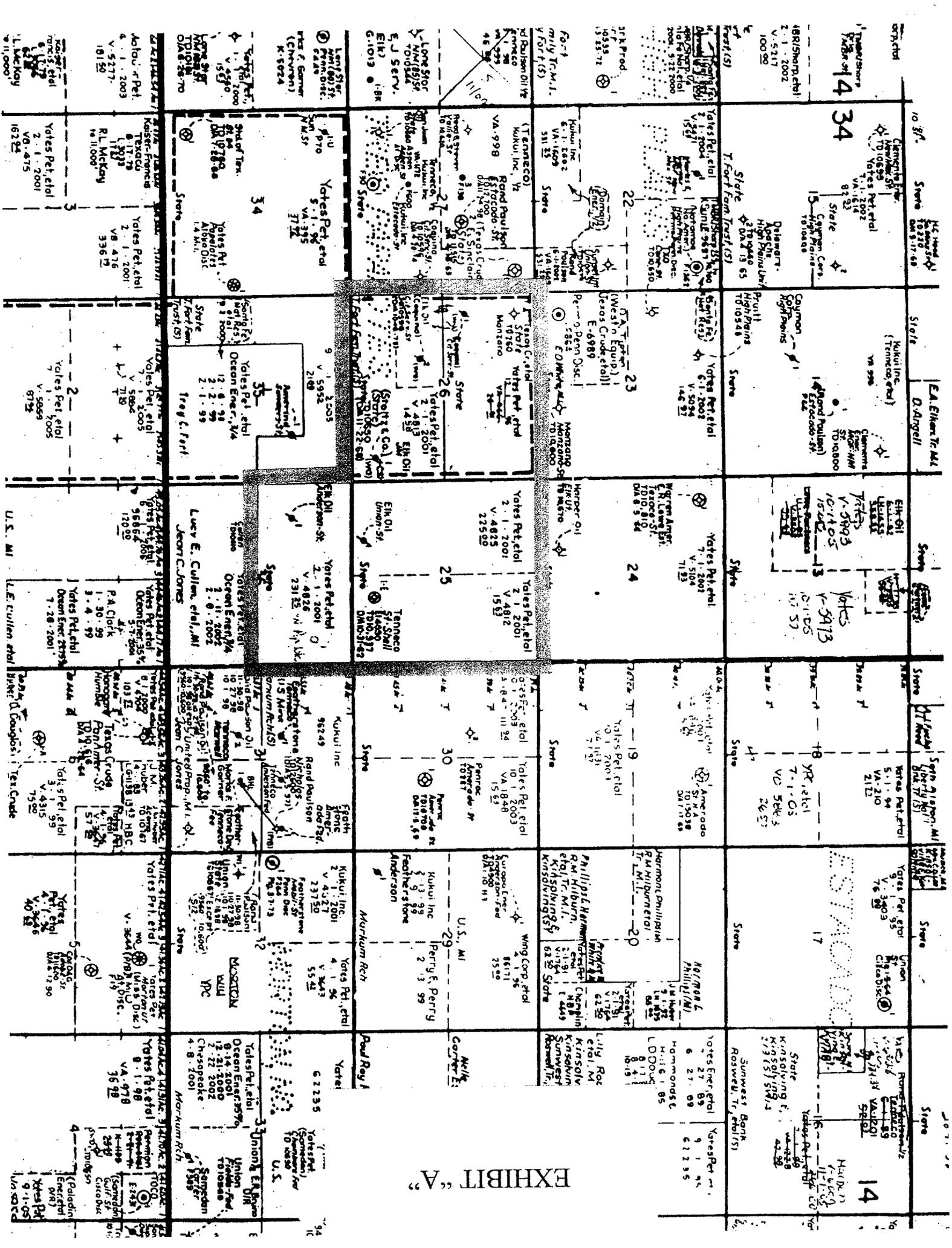


EXHIBIT "A"

EXHIBIT "B"  
 North Papalotes State Unit  
 Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	SERIAL NUMBER AND EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1	T14S-R34E Section 25: E/2 <i>C-S.</i>	VO-4812 2/1/2001 <i>file</i>	State of New Mexico 16.67%	Yates Petroleum Corporation <i>11/27/2000</i>	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. Ocean Energy Resources, Inc. <i>1-26-2001</i>
2	T14S-R34E Section 26: S/2SW/4, SE/4 <i>C-S.</i>	VO-4813 2/1/2001 <i>file</i>	State of New Mexico 16.67%	Yates Petroleum Corporation <i>11/27/2000</i>	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. Ocean Energy Resources, Inc. <i>1-26-2001</i>
3	T14S-R34E Section 25: W/2 <i>C-S.</i>	VO-4825 3/1/2001 <i>file</i>	State of New Mexico 16.67%	Yates Petroleum Corporation <i>11/27/2000</i>	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. Ocean Energy Resources, Inc. <i>1-26-2001</i>
4	T14S-R34E Section 36: N/2 <i>C-S.</i>	VO-4826 3/1/2001 <i>file</i>	State of New Mexico 16.67%	Yates Petroleum Corporation <i>11-27-2000</i>	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. Ocean Energy Resources, Inc. <i>1-26-2001</i>
5	T14S-R34E Section 26: N/2, N/2SW/4 <i>C-S.</i>	VO-6027 11/1/2005 <i>file</i>	State of New Mexico 16.67%	Yates Petroleum Corporation <i>11-27-2000</i>	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. <i>1-26-2001</i>
TOTAL STATE LANDS		1,600.00				

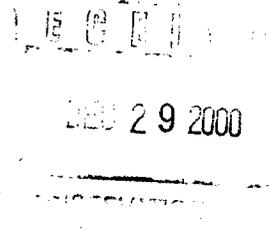
MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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

105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

December 27, 2000



Mr. David R. Catanach  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87508

**CERTIFIED MAIL**  
*Return Receipt Requested*

RE: Case 12549  
Yates Petroleum Corporation Approval  
North Papalotes State Exploratory Unit  
Lea County, New Mexico

*DR*  
*188 FILE*  
*12549*

Dear Mr. Catanach:

Please find enclosed a letter from Yates' only partner in our proposed state exploratory unit.

As noted in the letter, Ocean Energy has no objections to the formation of this unit and is currently evaluating the well proposal.

If everything else is in order Yates respectfully requests an OCD order approving this unit. Upon receipt of this order Yates will obtain final approval from the Commissioner of Public Lands and spud the unit well prior to the first lease expiration of February 1, 2001.

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

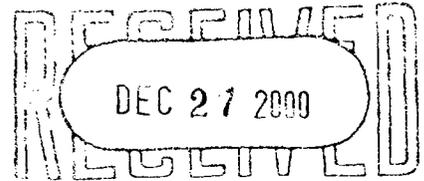
Robert Bullock  
Landman

RB:bn  
enclosure(s)

cc: Campbell, Carr, Berge & Sheridan, P.A.  
PO Box 2208  
Santa Fe, NM 87504-2208  
Attn: Mr. Michael H. Feldewert



December 21, 2000



Yates Petroleum Corporation  
105 S. Fourth Street  
Artesia, New Mexico 88210-2118  
Attn: Mr. Robert Bullock

Re: North Papalotes State Unit #1  
N/2 of Section 36, T14S-R34E  
Lea County, New Mexico

Dear Rob:

Ocean Energy Resources, Inc. has received your well proposal for the above referenced well with an AFE and the proposed Unit Agreement covering the North Papalotes State Unit. Ocean Energy has no objections to formation of the unit and is currently evaluating the well proposal. Ocean will make its election within 30 days as per the terms of the Operating Agreement covering this area.

If you require anything further, please give me a call at (713) 265-6897.

Yours very truly,

OCEAN ENERGY RESOURCES, INC.,  
a subsidiary of OCEAN ENERGY, INC.

A handwritten signature in black ink that reads "Derold Maney". The signature is fluid and cursive.

Derold Maney  
Senior Staff Landman

# Ocean Energy

## FACSIMILE TRANSMITTAL SHEET

TO	DAVID CATANACH	FROM	Derold Maney
			(713) 265-6897
FAX NUMBER	505 827-1389	FAX NUMBER	(713) 265-8865
PHONE NUMBER		DATE	12-21-00
			2

URGENT     FOR REVIEW     PLEASE COMMENT     PLEASE REPLY     PLEASE RECYCLE

NOTES/COMMENTS

Please see attached.

If you do not receive all pages, please call (713) 265-0105

*Confidentiality Notice:* The information contained in this facsimile is confidential and is privileged. This facsimile is intended to be received initially by only the individual named above. If the reader of this transmittal page is not the intended recipient, or representative of the intended recipient, you are hereby notified that any review, dissemination, or copying of this facsimile, or the information contained herein is prohibited. If you have received this facsimile in error, please immediately notify the sender by telephone and return the facsimile to the sender at the address below. Thank you.

1001 FANNIN, SUITE 1600  
HOUSTON, TEXAS 77002-6794  
TELEPHONE (713) 265-6000



December 21, 2000

Yates Petroleum Corporation  
1050 G. Fourth Street  
Alamosa, New Mexico 88210-2118  
Attn: Mr. Robert Bullock

Re: North Papaletes State Unit #1  
N/2 of Section 36, T14S-R34E  
Lea County, New Mexico

Dear Rob:

Ocean Energy Resources, Inc. has received your well proposal for the above referenced well with an AFE and the proposed Unit Agreement covering the North Papaletes State Unit. Ocean Energy has no objections to formation of the unit and is currently evaluating the well proposal. Ocean will make its election within 30 days as per the terms of the Operating Agreement covering this area.

If you require anything further, please give me a call at (713) 265-6897.

Yours very truly,

OCEAN ENERGY RESOURCES, INC.,  
a subsidiary of OCEAN ENERGY, INC.

A handwritten signature in cursive script that reads "Derold Maney".

Derold Maney  
Senior Staff Landman

Subj: CASE 12549 YATES UNIT AGREEMENT 25, 26, & 36 OF 14S34e  
Date: 12/18/00 11:51:48 AM Central Standard Time  
From: rhefner@chkenergy.com (Robert Hefner IV)  
To: ltownsend@chkenergy.com (Lynda Townsend)  
CC: wchalfant@aol.com (Bill Chalfant (E-mail)), DonnieMichael@cs.com (Donnie Michael (E-mail))

Lynda,

The subject case was heard on 7-Dec-00. I would like to get copies of the technical documents presented (structure, isopach and cross section) at the hearing. The reporting service stated that the examiner's comments: Examiner Catanach said he wanted to see Yates talk to Ocean and make a presentation to them. The case was continued to 21-Dec-00.

I would like to get these exhibits ASAP.

Thanks,  
Robert A. Hefner IV  
Geologist  
Permian Basin  
Chesapeake Energy  
Box 18496  
Oklahoma City, OK 73154  
405.879.9203  
405.879.9577 Fax  
BLDG. 6106-RM 212  
rhefner@chkenergy.com