

#12,676

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

April 14, 2003

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

Attn: Ms. Kathy H. Porter

Re: Termination of Luke Federal Unit Agreement
Eddy County, New Mexico

Dear Ms. Porter:

The Bureau of Land Management has advised this office that the Luke Federal Unit Agreement, Eddy County, New Mexico was terminated effective July 9, 2002, for failure to meet the six-month drilling obligations to drill the second well.

Pursuant to Article 9 of the above-mentioned unit agreement, the Commissioner of Public Lands concurs with the Bureau of Land Management and has this date terminated the Luke Federal Unit Agreement effective July 9, 2002.

Please advise all interested parties of this action.

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

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

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

PL/JB/pm

cc: Reader File
BLM-Roswell Attention: Mr. Gary Gourley
OCD-Santa Fe Attention: Mr. Roy Johnson
TRD-Santa Fe Attention: Mr. Valdean Severson
RMN-Santa Fe Attention Mrs. Linda Vieira

UNIT NAME: LUKE FEDERAL STATE UNIT
OPERATOR: YATES PETROLEUM CORPORATION
COUNTY: EDDY

DATE	OCC CASE NO.	TOTAL	STATE	FEDERAL	INDIAN	SEGREGATION	TERM
APPROVED	OCC ORDER NO.	ACREAGE			FEE	CLAUSE	
EFFECTIVE	CASE NO. 12676	2,561.12	640.80	1,920.32	0	MODIFIED	5 YEARS
6-28-2001	ORDER NO. R-1607						SO LONG AS

APPROVALS

SLO--6-25-2001
OCD--06-19-2001
BLM--

TOWNSHIP 21 SOUTH, RANGE 22 EAST

SECTION 2: Lots 1-4, S/2N/2, S/2
SECTION 3: Lots 1-4, S/2N/2, S/2
SECTION 9: ALL
SECTION 10: ALL

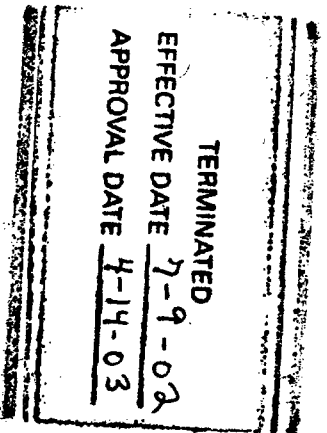


EXHIBIT "B"

Luke Federal State Unit
Eddy County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1	T21S-R22E Section 9: All	640.00 <i>616</i> NM-88234 2/28/02	United States of America 1/8	John P. Strang 100% <i>WATERS PETROLEUM CORP</i> <i>See YPOC LTR 04-6-21-2011</i>	John P. Strang 6.25% <i>5-28-2011</i>	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycro Industries, Inc. 4% 32% 32% 32%
2	T21S-R22E Section 3: Lots 1, 2, 3, 4, S/2N/2, SW/4 Section 10: NW/4, SE/4	800.32 <i>616</i> NM-91499 8/31/03	United States of America 1/8	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycro Industries, Inc. <i>5-28-2011</i>	Marshall & Winston, Inc. 5.00% <i>5-28-2011</i>	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycro Industries, Inc. 4% 32% 32% 32%
3	T21S-R22E Section 3: SE/4 Section 10: NE/4, SW/4	480.00 <i>616</i> NM-102890 5/31/09	United States of America 1/8	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycro Industries, Inc.	0 <i>5-28-2011</i>	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycro Industries, Inc. 40% 20% 20% 20%
Total Federal Lands 1920.32 acres or 74.98% <i>5-28-2011</i>						
4	<i>cpn</i> T21S-R22E Section 2: Lots 1-4, S/2NW, S/2	640.80 <i>616</i> VO-4928 9/1/01	State of New Mexico 1/6	Yates Petroleum Corporation 100% <i>5-28-2011</i>	0	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycro Industries, Inc. 70% 10% 10% 10%
Total State Lands 640.80 acres or 25.02%						
Total Federal Lands 1920.32 acres or 74.98%						
Total State Lands 640.80 acres or 25.02%						
TOTAL UNIT ACRES 2,561.12 acres or 100.00% <i>616</i>						

12676

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OPERATOR: YATES PETROLEUM CORPORATION
COUNTY: EDDY

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SECTION 3: Lots 1-4, S/2N/2, S/2
SECTION 9: ALL
SECTION 10: ALL

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Sited

State

[illegible]

EXHIBIT "B"

Luke Federal State Unit
Eddy County, New Mexico

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1	T21S-R22E Section 9: All	640.00 NM-88234 2/28/02	United States of America 1/8	John P. Strang 100% Yates & Sons Corp See page 6-21-201	John P. Strang 6.25% \$ 24.42	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 4% 32% 32% 32%
2	T21S-R22E Section 3: Lots 1, 2, 3, 4, S/2N/2, SW/4 Section 10: NW/4, SE/4	800.32 NM-91499 8/31/03	United States of America 1/8	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. \$ 24.42	Marshall & Winston, Inc. 5.00% \$ 19.42	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 4% 32% 32% 32%
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