## HOLLAND & HART LLP

### CAMPBELL & CARR

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE • CASPER
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

ATTORNEYS AT LAW
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-8525

TELEPHONE (505) 988-4421 FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

November 15, 2001

### **HAND-DELIVERED**

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

61 KOV 15 PH 4: 2

Re: <u>Case No. 12761</u>: Application of Yates Petroleum Corporation for approval of a unit agreement, Lea County, New Mexico

Dear Mr. Stogner:

I have enclosed a copy of the signed approval letter dated November 14, 2001 from the Commissioner of Lands for the Mocha State Unit for your use. If you need anything further from Yates Petroleum Corporation, please contact me.

Thank you for your assistance in this matter.

Very truly yours

William F. Carr

WFC/keh Enclosure

cc:

Ms. Kathy Porter

Mr. Robert Bullock

Yates Petroleum Corporation

COMMISSIONER'S OFFICE Phone (505) 827-5760 Fax (503) 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 Phono (505) 827-5744 Fax (505) 827-4739

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

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

November 14, 2001 \*

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

Attention: Mr. Robert Bullock

Re: Preliminary Approval

Proposed Mocha State Unit Lea County, New Mexico

Dear Mr. Bullock:

This office has received the unexecuted copy of the unit agreement which you have submitted for the proposed Mocha State Unit area, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

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. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
- 2. 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.
  - That each beneficiary institution of the State of New Mexico will receive its fair and cquitable 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.
- 3. 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.
- 4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

Yates Petroleum Corporation November 14, 2001

Page 2

- 5. Please submit two copies of the Unit Agreement.
- 6. A copy of the Unit Operating Agreement (if applicable).
- 7. Copies of all the well records for the initial unit well.
- 8. On page 2, UNIT AREA, of the agreement, please correct the county to read Loa County, instead of Eddy County.

Your \$150.00 filing fee has been received.

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

Very truly yours,

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

JAMI BAILEY, Director

Oil, Gas and Minerals Division

(505) 827-5744

RP/JB/pm

c: OCD-Santa Fe, Attention: Mr. Roy Johnson

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Hearing Examiner
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: <u>Case No. 12761</u>: Application of Yates Petroleum Corporation for approval of a unit agreement, Lea County, New Mexico

Dear Mr. Stogner:

I have enclosed a copy of the signed approval letter dated November 14, 2001 from the Commissioner of Lands for the Mocha State Unit for your use. If you need anything further from Yates Petroleum Corporation, please contact me.

Thank you for your assistance in this matter.

Very truly yours,

William F. Carr

WFC/keh Enclosure

cc: Ms. Kathy Porter

Mr. Robert Bullock

Yates Petroleum Corporation

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

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

November 14, 2001 °

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

Attention: Mr. Robert Bullock

Re:

Preliminary Approval
Proposed Mocha State Unit
Lea County, New Mexico

Dear Mr. Bullock:

This office has received the unexecuted copy of the unit agreement which you have submitted for the proposed Mocha State Unit area, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

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.

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  - 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 cquitable 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.
- 3. 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.
- 4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

Yates Petroleum Corporation November 14, 2001 Page 2

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- 6. A copy of the Unit Operating Agreement (if applicable).
- 7. Copies of all the well records for the initial unit well.
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Your \$150.00 filing fee has been received.

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

Very truly yours,

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

JAMI BAILEY, Director

Oil, Gas and Minerals Division

(505) 827-5744

RP/JB/pm

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

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

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

November 30, 2001

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

Attn: Mr. Robert Bullock

Re:

Final Approval Mocha State Unit

Lea County, New Mexico

Dear Mr. Bullock:

This office is in receipt of your letter of November 30, 2001, requesting final approval of the Mocha State Unit Agreement, Lea County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Mocha State Unit Agreement. The effective date of your agreement is November 30, 2001.

It is our understanding that all tracts are fully committed to the unit agreement.

Enclosed are (5) Certificates of Approval.

Your \$150.00 filing fee has been received.

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

Very truly yours,

RAY POWELL, M.S., D.V.M.

COM<del>MISSIO</del>NER OF PUBLIC LAN

LARRY KEHOE

Assistant Commissioner, Mineral Resources

(505) 827-5744 RP/LK/pm

nc:

Reader File,

OCD-Santa Fe, Attn: Mr. Roy Johnson TRD-Attn: Mr. Valdean Severson RMD-Attn: Ms. Linda Vieira

# UNIT NAME: MOCHA STATE UNIT OPERATOR: YATES PETROLEUM CORPORATION COUNTY: LEA

EFFECTIVE 11/30/2001	DATE APPROVED
CASE NO. 12761 ORDER NO. R-11697	OCC CASE NO. OCC ORDER NO.
2877.88	TOTAL ACREAGE
2877.88	STATE
0	FEDERAL
0	INDIAN FEE
STRICT	SEGREGATION CLAUSE
5 YEARS SO LONG AS	TERM

SLO--11-30-2001 OCD--11-28-2001

**APPROVALS** 

TOWNSHIP 12 SOUTH, RANGE 34 EAST

SECTION 33: ALL SECTION 35: ALL

TOWNSHIP 13 SOUTH, RANGE 34E

SECTION 2: ALL SECTION 11: N/2

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**- 199**1 - 1991 - 1

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EXHIBIT "B"

# MOCHA STATE UNIT LEA COUNTY, NM

	7.	့တ	ίν	4.	ယ	ю	<del></del>	TRACT NUMBER
TOTAL UNIT ACRES	T12S-R34E \ Section 35: E/2, SW/4	T12S-R34E V Section 34: S/2		T13S-R34E Section 2: All	T12S-R34E	T12S-R34E Section 34: N/2	T12S-R34E Section 33: All	DESCRIPTION OF LANDS
2877.88	480.00	320.00	320.00	637.88	160.00	320.00	640.00 65	SEF ACRES EXP
	VO-5990 10/1/05	VO-5989 10/1/05	VO-5209 12/1/02	VO-5093 6/1/02	VO-4994 12/1/01	VA-1530 12/1/01	VA-1528 12/1/01	SERIAL NUMBER AND ACRES EXPIRATION DATE
	State of New Mexico	State of New Mexico	State of New Mexico	State of New Mexico	State of New Mexico	State of New Mexico	State of New Mexico	LESSOR
	Yates Petroleum Corporation	Yates Petroleum Corporation  11 - 57 - 61	Yates Petroleum Corporation ハークカーり)	Yates Petroleum Corporation \\\- \( \bar{C} \) \rightarrow \\	Yates Petroleum Corporation ハーりつこり	Yates Petroleum Corporation ハーワーウト	Yates Petroleum Corporation \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	LESSEE OF RECORD
	None 11-7-01	10-51-11	None of	None	None 12701	None	None 1	OVERRIDING ROYALTY
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STATE LANDS 100%

### **United States Department of the Interior**

BUREAU OF LAND MANAGEMENT ROSWELL FIELD OFFICE 2909 West Second Street Roswell, New Mexico 88201-2019

IN REPLY REFER

NMNM71040X 3180 (06300)

9EC 2 2 2001

XTO Energy, Inc. Attention: Tim Welch, CPL 810 Houston Street Fort Worth, TX 76102

### Gentlemen:

This office is in receipt of a copy of the Certificate of Effectiveness for the Second Expansion of the Southeast Maljamar Grayburg-San Andres Unit, No. NMNM71040X, Lea County, New Mexico.

Such certificate is hereby accepted for record purposes and will be retained for our files.

Therefore, the Second Expansion of the Southeast Maljamar Grayburg-San Andres Unit became effective as of November 1, 2001.

You are requested to furnish all interested principals with appropriate evidence of this acceptance.

Sincerely,

/S/ Larry D Bray

Larry D. Bray Assistant Field Manager, Lands and Minerals

cc: Commissioner of Public Lands, Santa Fe NMOCD, Santa Fe