

HOLLAND & HART ^{LLP}
and
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 87501-6525

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

CL CONSERVATION DIV.
01 NOV 15 PM 4:20

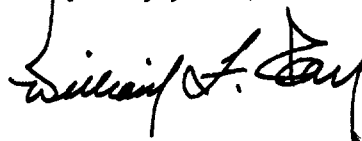
**Re: Case No. 12761: Application of Yates Petroleum Corporation
for approval of a unit agreement, Lea County, New Mexico**

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 (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

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.
 - 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.
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 Lea 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 Martincz 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

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and
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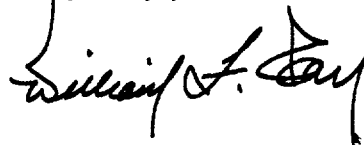
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Very truly yours,



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WFC/keh
Enclosure

cc: Ms. Kathy Porter
Mr. Robert Bullock
Yates Petroleum Corporation

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ADMINISTRATION

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Fax (505) 827-5853

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Fax (505) 827-4262

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Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

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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

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 - 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.
8. On page 2, UNIT AREA, of the agreement, please correct the county to read Lea 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

BY: 

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

RP/IB/pm

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

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#12,761

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

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.

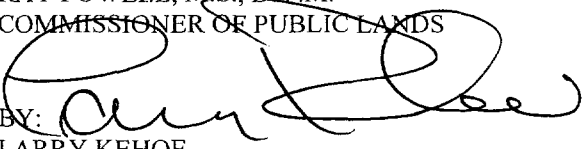
Enclosed are (5) Certificates of Approval.

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.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY KEHOE
Assistant Commissioner, Mineral Resources
(505) 827-5744
RP/LK/pm

pc: 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

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

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

TOWNSHIP 12 SOUTH, RANGE 34 EAST

SECTION 33: ALL
SECTION 34: ALL
SECTION 35: ALL

TOWNSHIP 13 SOUTH, RANGE 34E

SECTION 2: ALL
SECTION 11: N/2

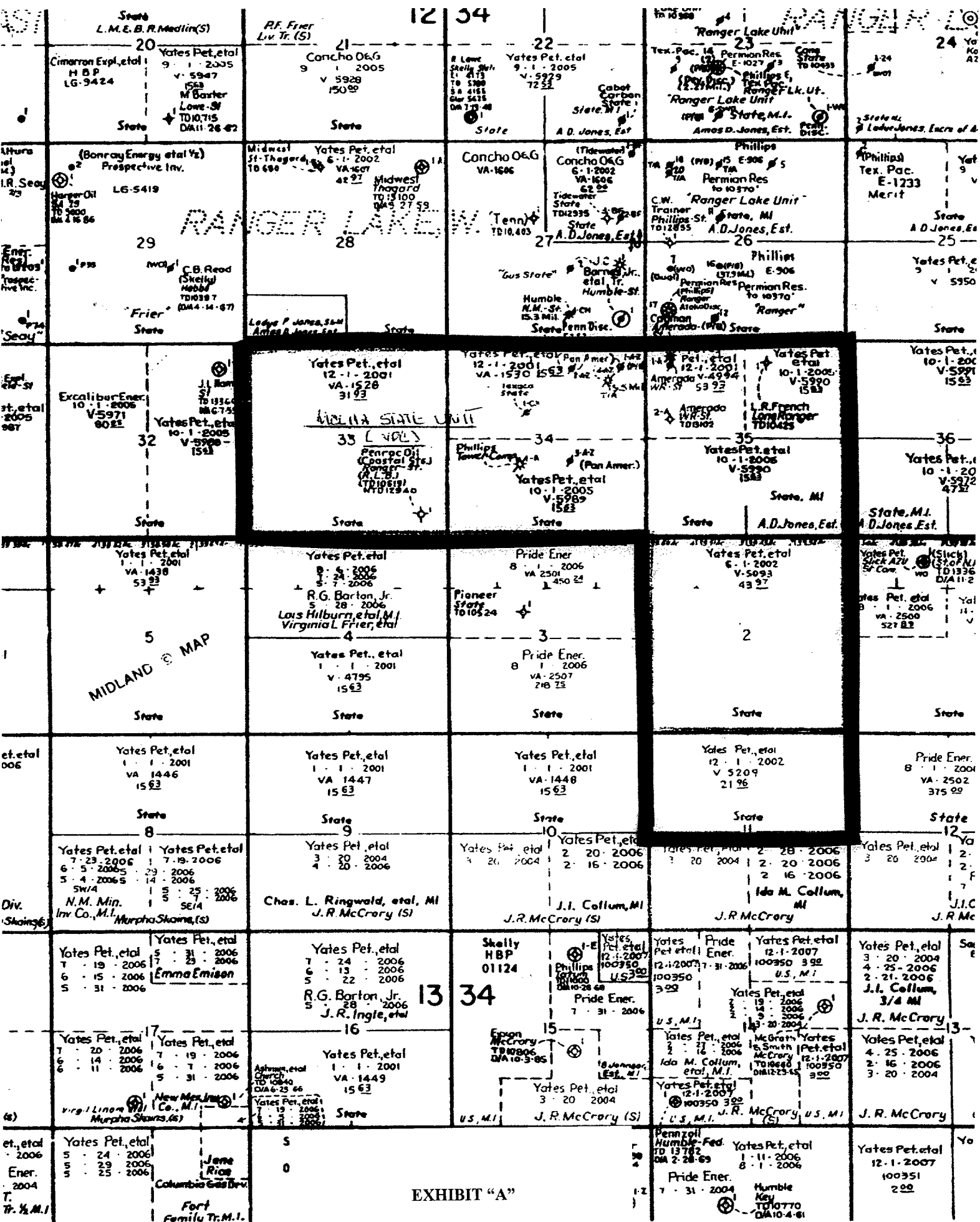


EXHIBIT "A"

EXHIBIT "B"

MOCHA STATE UNIT
LEA COUNTY, NM

TRACT NUMBER	DESCRIPTION OF LANDS	SERIAL NUMBER AND ACRES EXPIRATION DATE	LESSOR	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1.	T12S-R34E Section 33: All ✓	640.00 CS VA-1528 12/1/01	State of New Mexico	Yates Petroleum Corporation 11-7-01	None 11-7-01	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
2.	T12S-R34E Section 34: N/2 ✓	320.00 CS VA-1530 12/1/01	State of New Mexico	Yates Petroleum Corporation 11-7-01	None 11-7-01	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
3.	T12S-R34E Section 35: NW/4 ✓	160.00 CS VO-4994 12/1/01	State of New Mexico	Yates Petroleum Corporation 11-07-01	None 11-7-01	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
4.	T13S-R34E Section 2: All ✓	637.88 RS VO-5093 6/1/02	State of New Mexico	Yates Petroleum Corporation 11-07-01	None 11-7-01	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
5.	T13S-R34E Section 11: N/2 ✓	320.00 CS VO-5209 12/1/02	State of New Mexico	Yates Petroleum Corporation 11-07-01	None 11-7-01	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 70.00% 10.00% 10.00% 10.00%
6.	T12S-R34E Section 34: S/2 ✓	320.00 CS VO-5989 10/1/05	State of New Mexico	Yates Petroleum Corporation 11-07-01	None 11-7-01	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. Murchison Oil & Gas 46.67% 6.67% 6.67% 6.67% 33.33%
7.	T12S-R34E Section 35: E/2, SW/4 ✓	480.00 CS VO-5990 10/1/05	State of New Mexico	Yates Petroleum Corporation 11-07-01	None 11-7-01	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. Murchison Oil & Gas 46.67% 6.67% 6.67% 6.67% 33.33%
TOTAL UNIT ACRES		2877.88				
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)

DEC 22 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