

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



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MAR 18

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

March 13, 2002

Mr. David Catanach  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87508

Facsimile & Mail  
(505-476-3462)

RE: Preliminary Approval  
Proposed New Grass State Unit  
Lea County, New Mexico

Dear Mr. Catanach:

Please find enclosed the preliminary approval of the New Grass State Unit granted by the Commissioner of Public Lands.

Based upon this preliminary approval Yates Petroleum Corporation respectfully requests an expedited OCD Order due to the first lease expiration being April 1, 2002.

Please call me at 505-748-4351 if you need any further information.

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Robert Bullock  
Landman

RB:bn  
enclosure(s)

**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 12, 2002

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

Attention: Mr. Robert Bullock

Re: Preliminary Approval  
Proposed New Grass 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 New Grass 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.
5. Please submit two copies of the Unit Agreement.

**"WE WORK FOR EDUCATION"**

MADE WITH THE NEW MEXICO STATE LAND OFFICE

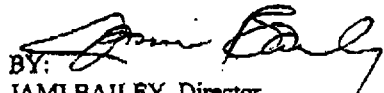
Yates Petroleum Corporation  
March 12, 2002  
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6. A copy of the Unit Operating Agreement (if applicable).
7. Copies of all the well records for the initial unit well.
8. Your filing fee in the amount of \$210.00 has been received.

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

**NEW MEXICO STATE LAND OFFICE  
OIL, GAS AND MINERALS DIVISION****RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS****310 OLD SANTA FE TRAIL  
POST OFFICE BOX 1148  
SANTA FE, NEW MEXICO  
87504****PHONE: (505) 827-5744****FAX: (505) 827-4739****FACSIMILE MESSAGE COVER SHEET**

DATE:

3/13/02

TO:

ROBERT BULLOCK

FIRM:

YATES PETR. CORP.

FAX NUMBER:

505 - 748 - 4572

FROM:

PETE MARTINEZ

SUBJECT/MESSAGE:

PRE APPL - New Grass Unit

NUMBER OF PAGES THIS TRANSMISSION INCLUDING THIS COVER

3IF YOU DO NOT RECEIVE ALL OF THIS TRANSMISSION  
PLEASE CALL:827-5791