

#12,870



COMMISSIONER'S OFFICE

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

ADMINISTRATION

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

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Phone (505) 827-5713
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COMMERCIAL RESOURCES

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Fax (505) 827-6157

MINERAL RESOURCES

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ROYALTY MANAGEMENT

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

SURFACE RESOURCES

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

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

June 24, 2002

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

Attn: Mr. Robert Bullock

Re: Final Approval
Big Hat State Unit
Lea County, New Mexico

Dear Mr. Bullock:

This office is in receipt of your letter dated June 11, 2002, requesting final approval of the Big Hat State Unit Agreement, Lea County, New Mexico. It is our understanding that all tracts are fully committed to the unit agreement at this time.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Big Hat State Unit Agreement, Lea County, New Mexico. The effective date of your agreement is June 24, 2002.

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*

FOR

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

RP/JB/pm

pc: Reader File,
OCD-Attention: Roy Johnson ✓

STATE OF NEW MEXICO
DEPARTMENT OF REVENUE
OFFICE OF THE COMMISSIONER OF PUBLIC LANDS
SANTA FE, NEW MEXICO

UNIT NAME: BIG HAT STATE UNIT
 OPERATOR: YATES PETROLEUM CORPORATION
 COUNTY: LEA

OCD

DATE APPROVED	OCD CASE NO. OCD ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 6/24/2002	CASE NO. 12870 ORDER NO. R-11779	3261.32	3261.32	0	0	STRICT	5 YEARS & SO LONG AS

APPROVALS
 SLO-6/24/2002
 OCD-6/7/2002

TOWNSHIP 16 SOUTH, RANGE 33 EAST

SECTION 2: ALL
 SECTION 3: ALL
 SECTION 10: ALL
 SECTION 11: ALL

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

May 31, 2002

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

Attention: Mr. Robert Bullock

Re: Preliminary Approval
Proposed Big Hat 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 Big Hat 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.

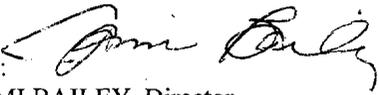
Yates Petroleum Corporation
May 31, 2002
Page 2

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 \$120.00 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

110y Johnson
FILE

AMERADA HESS CORPORATION

P. O. Box 2040
Houston, Texas 77252-2040

Robert A. Harrison
Manager, Permian Business Unit
U.S. Onshore/Shelf Business

500 Dallas, Level 2
Houston, Texas 77002
Phone: (713) 609-5935
Fax: (713) 609-5609

November 15, 2001

State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Attention: Director of the Oil and Gas Division

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501-2088



RE: Proposed Plan of Development: January 1, 2001 through December 31, 2001
West Bravo Dome Carbon Dioxide Gas Unit (WBDCDU)
Harding County, New Mexico

Gentlemen:

With respect to the West Bravo Dome Carbon Dioxide Gas Unit and in accordance with New Mexico Oil Conservation Order Number 7707, Amerada Hess Corporation, as unit operator, hereby submits five (5) copies of the proposed Plan of Development for January 1, 2001 through December 31, 2001.

Presently, there are twenty (20) shut-in carbon dioxide (CO₂) gas wells in the Unit which are capable of production. Lack of market has resulted in no CO₂ gas production since unitization. The Unit originally contained 50,020.78 acres consisting of 18 Federal tracts (10,743.70 acres), 27 State of New Mexico tracts (16,416.53 acres) and 69 patented tracts (22,624.65 acres). The unit was contracted effective on November 15, 1994 and now contains 34,655.33 acres consisting of 15 Federal tracts (6,834.47 acres) 24 State of New Mexico tracts (13,201.18 acres) and 46 patented tracts (14,619.68 acres).

During 2001, AHC performed mechanical integrity test (MIT) and have made the necessary repairs to WBDCDU Nos. 1 and 13 to bring the wells into compliance.

RECEIVED
NOV 15 2001
BY [Signature]
[Signature]

Also, during 2001, AHC continued its assessment of the carbon dioxide demand in markets that could be supplied by the Unit and continued to review the economic viability of Unit development.

Amerada Hess Corporation proposes a Plan of Development for January 1, 2002 through December 31, 2002, to include:

- Continue to assess the economic feasibility of developing WBDCDU based on the results of the 1997 workover program.
- Continue working with power providers to bring low cost electricity into WBDCDU.
- Continue to assess regional CO₂ supply vs. demand and develop an appropriate strategy for marketing carbon dioxide from WBDCDU.
- Continue Unit payments which escalate at 5% yearly until the unit is connected and producing.
- Monitor and maintain the condition of existing wells in accordance with state regulations.

If there are questions regarding this proposed Plan of Development for 2002, please call Robert Cawood at (713) 609-5636 or the undersigned at (713) 609-5935.

Yours Truly,

AMERADA HESS CORPORATION



Robert A. Harrison
Manager, Permian Business Unit

cc: Mr. Brian Davis - Bureau of Land Management

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

#12,870

RECEIVED
MARCH 11 2003
OIL, GAS AND MINERALS DIVISION
COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

March 6, 2003

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

Attn: Mr. Robert Bullock

Re: Big Hat State Unit Well No. 1
NW/4SW/4 Sec. 2-16S-33E
Commercial Well Determination
Morrow Formation
Lea County, New Mexico

Dear Mr. Bullock:

We received your letter of March 4, 2003 together with data that supports your commercial determination regarding the Big Hat State Unit Well No. 1.

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

Please submit your 2003 Plan of Development for this unit.

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

pc: Reader File
OCD-Attention: Mr. Roy Johnson
TRD-Attn: Mr. Valdean Severson
RMD-Attn: Ms. Linda Vieira

12870. Unit
Renewal m.s. 4-7

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 12870
ORDER NO. R-11779

APPLICATION OF YATES PETROLEUM CORPORATION FOR APPROVAL OF
A UNIT AGREEMENT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing on May 30, 2002 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ___ day of June, 2002, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Yates Petroleum Corporation, seeks approval of its Big Hat State Unit Agreement for all oil and gas in all formations underlying the following described 3,261.32 acres, more or less, of state lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Irregular Sections 2 and 3: All
Sections 10 and 11: All

(3) No interested party appeared at the hearing or otherwise objected to the proposed unit agreement.

(4) The operator should submit to the Division Director for approval all subsequent: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area.

(5) Approval of the proposed unit agreement will promote the prevention of waste and protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Big Hat State Unit Agreement executed by Yates Petroleum Corporation is hereby approved for all oil and gas in all formations underlying the following described 3,261.32 acres, more or less, of state lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Irregular Sections 2 and 3: All
Sections 10 and 11: All

(2) The plan contained in the unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, notwithstanding any of the provisions contained in the unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days of the effective date thereof; in the event of subsequent joinder by any other party, or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, copies of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area shall be submitted to the Division Director for approval.

(5) This order shall become effective upon the approval of the unit agreement by the Commissioner of Public Lands for the State of New Mexico. This order shall terminate upon the termination of the unit agreement. The last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

S E A L