

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

August 29, 2002

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

Attn: Mr. Robert Bullock

Re: Final Approval
West Echols State Exploratory Unit
Lea County, New Mexico

Dear Mr. Bullock:

This office is in receipt of your letters of August 27, 2002 and August 29, 2002, requesting final approval of the West Echols State Exploratory Unit Agreement, Lea County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the West Echols State Exploratory Unit Agreement, Lea County, New Mexico. The effective date of your agreement is August 29, 2002.

Our approval is given with the understanding that Yates Petroleum Corporation will drill two exploratory wells within the unit boundaries. Within six months from the completion date of the first well, the second well should be commenced and drilled to a sufficient depth to test the Morrow Formation. If the second well is not timely drilled, the unit will be contracted to the pro-ration unit for the initial well.

It is our understanding that all tracts are committed to the unit at this time.

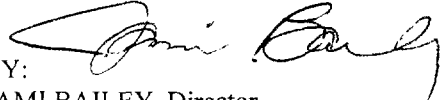
Enclosed are (5) Certificates of Approval.

Your \$660.00 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/JB/pm

pc: Reader File,
OCD-Santa Fe, Attn: Mr. Roy Johnson
TRD-Attn: Mr. Valdean Severson
RMD-Attn: Ms. Linda Vieira
William Carr

"WE WORK FOR EDUCATION"
310 Old Santa Fe Trail P.O. Box 1148 Santa Fe, New Mexico 87504-1148

UNIT NAME: WEST ECHOLS STATE EXPLORATORY UNIT
OPERATOR: YATES PETROLEUM CORPORATION
COUNTY: LEA

DATE	OCC CASE NO.	TOTAL	STATE	FEDERAL	INDIAN	SEGREGATION	TERM
APPROVED	OCC ORDER NO.	ACREAGE			FEE	CLAUSE	
EFFECTIVE	CASE NO. 12911	11,284.24	11,284.24	0	0	STRICT	5 YEARS
08/29/2002	ORDER NO. R-11823						SO LONG AS

APPROVALS

SLO--08-29-2002
OCD--08-29-2002

TOWNSHIP 10 SOUTH, RANGE 37 EAST

Section 36: All

TOWNSHIP 11 SOUTH, RANGE 37 EAST

SECTION 1: Lots 1-4, S2
SECTION 2: Lots 1, 2, S2SW/4, SE/4
SECTIONS 10 THRU 16: All
SECTION 23: N2N2
SECTION 24: N2

TOWNSHIP 11 SOUTH, RANGE 38 EAST

SECTION 4: Lots 1-4, S2
SECTION 5: Lots 1-4, S2
SECTION 6: Lots 1-4, S2
SECTIONS 7 THRU 9: ALL
SECTION 17: All
SECTION 18: W2
SECTION 19: N2
SECTION 20: All

[illegible]

U:
Sarah
Ruff

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16074

E.L. 5 GR
MOBILE
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PA128

101220

A.C.
Samford
Ellis
Hinkle.



06/25/2004

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10. <http://www.who.int>

EXHIBIT B

WEST ECHOLS STATE UNIT
LEA COUNTY, NM

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE		LESSOR	LESSEE OF RECORD	OVERRIDING ROYALTY		WORKING INTEREST
1.	T11S, R37E Sec 2: Lots 1, 2, S2SW, SE	276.90	VO-5137 - 0 9/1/02	CS	State of New Mexico	Yates Petroleum Corporation	None	9-1-02	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
2.	T11S, R37E Sec 10: E2	320.00	VA-1653 - 0 9/1/02	SDSV	State of New Mexico	Yates Petroleum Corporation	None	9-1-02	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
3.	T11S, R37E Sec 10: W2	320.00	VO-5150 - 0 9/1/02	SDSV	State of New Mexico	Yates Petroleum Corporation	None	9-1-02	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
4.	T11S, R37E Sec 11: N2	320.00	VO-5138 - 0 9/1/02	SDSV	State of New Mexico	Yates Petroleum Corporation	None	9-1-02	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
5.	T11S, R37E Sec 11: SW	160.00	VO-5151 - 0 9/1/02	SDSV	State of New Mexico	Yates Petroleum Corporation	None	9-1-02	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
6.	T11S, R37E Sec 11: SE	160.00	VO-5139 - 0 9/1/02	SDSV	State of New Mexico	Yates Petroleum Corporation	None	9-1-02	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
7.	T11S, R37E Sec 12: N2NE, SWNE	120.00	VO-5140 - 0 9/1/02	SDSV	State of New Mexico	Yates Petroleum Corporation	None	9-1-02	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
8.	T11S, R37E Sec 12: SENE, NW	200.00	VO-5141 - 0 9/1/02	NMEN	State of New Mexico	Yates Petroleum Corporation	None	9-1-02	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
9.	T11S, R37E Sec 12: SE	160.00	VO-5142 - 0 9/1/02	NMEN	State of New Mexico	Contour Energy E&P, LLC	None	9-1-02	Contour Energy E&P, LLC

EXHIBIT B

WEST ECHOLS STATE UNIT
LEA COUNTY, NM

10.	<u>T11S, R37E</u> Sec 12: SW	160.00	VO-5143 -0 9/1/02	NMEN State of New Mexico	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 9-1-00a	70.000000% 10.000000% 10.000000% 10.000000%
11.	<u>T11S, R37E</u> Sec 13: N2	320.00	VO-5152 -0 9/1/02	NMEN State of New Mexico	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 9-1-00a	70.000000% 10.000000% 10.000000% 10.000000%
12.	<u>T11S, R37E</u> Sec 13: SE	160.00	VA-1654 -0 9/1/02	NMEN State of New Mexico	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 9-1-00a	70.000000% 10.000000% 10.000000% 10.000000%
13.	<u>T11S, R37E</u> Sec 13: SW	160.00	VA-1655 -0 9/1/02	NMEN State of New Mexico	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 9-1-00a	70.000000% 10.000000% 10.000000% 10.000000%
14.	<u>T11S, R37E</u> Sec 14: E2	320.00	VO-5153 -0 9/1/02	NMEN State of New Mexico	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 9-1-00a	70.000000% 10.000000% 10.000000% 10.000000%
15.	<u>T11S, R37E</u> Sec 14: W2	320.00	VO-5154 -0 9/1/02	NMEN State of New Mexico	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 9-1-00a	70.000000% 10.000000% 10.000000% 10.000000%
16.	<u>T11S, R37E</u> Sec 15: E2, NW	480.00	VO-5155 -0 9/1/02	NMEN State of New Mexico	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 9-1-00a	70.000000% 10.000000% 10.000000% 10.000000%
17.	<u>T11S, R37E</u> Sec 15: SW	160.00	VA-1656 -0 9/1/02	NMEN State of New Mexico	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 9-1-00a	70.000000% 10.000000% 10.000000% 10.000000%
18.	<u>T11S, R37E</u> Sec 16: N2	320.00	VA-1657 -0 9/1/02	NMEN State of New Mexico	Contour Energy E&P, LLC	None	Contour Energy E&P, LLC 9-1-00a	100.000000%
19.	<u>T11S, R37E</u> Sec 16: SE	160.00	VA-1658 -0 9/1/02	NMEN State of New Mexico	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 9-1-00a	70.000000% 10.000000% 10.000000% 10.000000%

EXHIBIT B

WEST ECHOLS STATE UNIT
LEA COUNTY, NM

20.	<u>T11S, R37E</u> Sec 16: SW	160.00	VA-1659, ^{CS} 6 9/1/02	State of New Mexico	Yates Petroleum Corporation	None	⁹⁻⁰¹⁻⁰² Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
21.	<u>T11S, R37E</u> Sec 23: N2N2	160.00	VO-5159 - 0 9/1/02	State of New Mexico ^{NMEN}	Yates Petroleum Corporation	None	⁹⁻⁰¹⁻⁰² Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
22.	<u>T11S, R37E</u> Sec 24: NE	160.00	VA-1667 - 0 9/1/02	State of New Mexico ^{NMEN}	Yates Petroleum Corporation	None	⁹⁻⁰¹⁻⁰² Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
23.	<u>T11S, R37E</u> Sec 24: NW	160.00	VA-1668 - 0 9/1/02	State of New Mexico ^{NMEN}	Yates Petroleum Corporation	None	⁹⁻⁰¹⁻⁰² Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
24.	<u>T11S, R38E</u> Sec 5: All	391.24	VA-1644 - 6 9/1/02	State of New Mexico ^{UNIV}	Yates Petroleum Corporation	None	⁹⁻⁰¹⁻⁰² Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
25.	<u>T11S, R38E</u> Sec 6: All	391.30	VO-5144 - 1 9/1/02	State of New Mexico ^{UNIV}	Pogo Producing Company	None	⁹⁻⁰¹⁻⁰² Pogo Producing Company	100.000000%
26.	<u>T11S, R38E</u> Sec 7: N2	320.00	VO-5145 - 0 9/1/02	State of New Mexico ^{UNIV}	Yates Petroleum Corporation	None	⁹⁻⁰¹⁻⁰² Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
27.	<u>T11S, R38E</u> Sec 7: SW	160.00	VO-5146 - 0 9/1/02	State of New Mexico ^{UNIV}	Yates Petroleum Corporation	None	⁹⁻⁰¹⁻⁰² Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
28.	<u>T11S, R38E</u> Sec 7: SE	160.00	VO-5147 - 6 9/1/02	State of New Mexico ^{UNIV}	Yates Petroleum Corporation	None	⁹⁻⁰¹⁻⁰² Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
29.	<u>T11S, R38E</u> Sec 8: NW	160.00	VO-5160 - 0 9/1/02	State of New Mexico ^{UNIV}	Yates Petroleum Corporation	None	⁹⁻⁰¹⁻⁰² Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%

EXHIBIT B

WEST ECHOLS STATE UNIT
LEA COUNTY, NM

30.	<u>T11S, R38E</u> Sec 8: NE	160.00	VA-1674 - 0 9/1/02	UNIV State of New Mexico	Yates Petroleum Corporation	None	9-01-02 Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
31.	<u>T11S, R38E</u> Sec 8: S2	320.00	VO-5161 - 0 9/1/02	UNIV State of New Mexico	Yates Petroleum Corporation	None	9-01-02 Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
32.	<u>T11S, R38E</u> Sec 18: NW	160.00	VO-5162 - 0 9/1/02	UNIV State of New Mexico	Yates Petroleum Corporation	None	9-01-02 Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
33.	<u>T11S, R38E</u> Sec 18: SW	160.00	VA-1675 - 1 9/1/02	UNIV State of New Mexico	Contour Energy E&P, LLC		9-01-02 Contour Energy E&P, LLC	100.000000%
34.	<u>T11S, R38E</u> Sec 19: N2	320.00	VA-1676 - 1 9/1/02	UNIV State of New Mexico	Contour Energy E&P, LLC		9-01-02 Contour Energy E&P, LLC	100.000000%
35.	<u>T11S, R38E</u> Sec 20: SE	160.00	VO-5163 - 1 9/1/02	UNIV State of New Mexico	Contour Energy E&P, LLC		9-01-02 Contour Energy E&P, LLC	100.000000%
36.	<u>T11S, R38E</u> Sec 20: NE	160.00	VO-5164 - 1 9/1/02	UNIV State of New Mexico	Contour Energy E&P, LLC		9-01-02 Contour Energy E&P, LLC	100.000000%
37.	<u>T11S, R38E</u> Sec 20: SW	160.00	VO-5165 - 1 9/1/02	UNIV State of New Mexico	Contour Energy E&P, LLC		9-01-02 Contour Energy E&P, LLC	100.000000%
38.	<u>T11S, R38E</u> Sec 20: NW	160.00	VO-5166 - 1 9/1/02	UNIV State of New Mexico	Yates Petroleum Corporation	None	9-01-02 Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
39.	<u>T10S, R37E</u> Sec 36: E2	320.00	VO-6634 - 0 6/1/07	CS State of New Mexico	Yates Petroleum Corporation	None	6-01-07 Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
40.	<u>T10S, R37E</u> Sec 36: W2	320.00	VO-6640 - 0 6/1/07	CS State of New Mexico	Yates Petroleum Corporation	None	6-01-07 Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
41.	<u>T11S, R37E</u> Sec 1: All	393.44	VO-6656 - 0 7/1/07	SBSV State of New Mexico	Yates Petroleum Corporation	None	7-01-07 Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%

EXHIBIT B

WEST ECHOLS STATE UNIT
LEA COUNTY, NM

42.	<u>T11S, R38E</u> Sec 17: E2	320.00	VO-6649 -- 0 7/1/07	State of New Mexico <i>UNSV</i>	Yates Petroleum Corporation	None	<i>7-01-07</i> Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
43.	<u>T11S, R38E</u> Sec 17: W2	320.00	VO-6658 -- 0 7/1/07	State of New Mexico <i>UNSV</i>	Yates Petroleum Corporation	None	<i>7-01-07</i> Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
44.	<u>T11S, R38E</u> Sec 4: Lots 1, 2, 3, 4, S2 (All)	<i>391,36</i> 319.36	VA-2679 -- 0 8/1/07	State of New Mexico <i>NMEN</i>	Yates Petroleum Corporation	None	<i>8-01-07</i> Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
45.	<u>T11S, R38E</u> Sec 9: S2	320.00	VA-2669 -- 0 8/1/07	State of New Mexico <i>UNSV</i>	Yates Petroleum Corporation	None	<i>8-01-07</i> Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
46.	<u>T11S, R38E</u> Sec 9: N2	320.00	VA-2680 -- 0 8/1/07	State of New Mexico <i>UNSV</i>	Yates Petroleum Corporation	None	<i>8-01-07</i> Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.000000% 10.000000% 10.000000% 10.000000%
TOTAL STATE LANDS		11,284.24 acres						

COMMISSIONER'S OFFICE
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GENERAL COUNSEL
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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

August 16, 2002

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

Attention Mr. Robert Bullock:

Re: Preliminary Approval
West Echols State Exploratory 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 West Echols State Exploratory 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.

Preliminary approval is given with the understanding that Yates Petroleum Corporation will drill two exploratory wells within the unit boundaries. Within six months from the completion date of the first well, the second well should be commenced and drilled to a sufficient depth to test the Morrow formation. If the second well is not timely drilled, the unit will be contracted to the pro-ration unit for the initial well.

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.

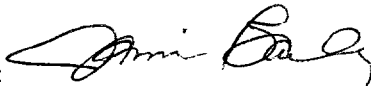
Yates Petroleum Corporation
August 16, 2002
Page 2

4. 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.
5. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
6. A copy of the Unit Operating Agreement (if applicable).
7. Copies of the NMOCD well records for all wells.

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
William F. Carr

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

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

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

July 23, 2002

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 12911

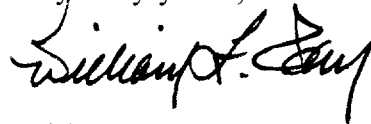
COPIES
12911

Re: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of the legal advertisement. Yates Petroleum Corporation requests that this matter be placed on the August 22, 2002 Examiner Hearing docket.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

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

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

CASE NO. 12911

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application for an order approving its West Echols State Exploratory Unit and in support of this application states:

1. That the proposed Unit consists of 11,284.24 acres, more or less, of State of New Mexico lands, situated in Lea County, New Mexico. The horizontal limits of said unit are described as follows:

Township 10 South, Range 37 East, N.M.P.M.

Section 36: All

Township 11 South, Range 37 East, N.M.P.M.

Section 1: All

Section 2: Lots 1 and 2, S/2 SW/4, SE/4

Sections 10 through 16: All

Section 23: N/2 N/2

Section 24: N/2

Township 11 South, Range 38 East, N.M.P.M.

Section 4: Lots 1, 2, 3 and 4, S/2 (All)

Section 5: Lots 1, 2, 3 and 4, S/2 (All)

Section 6: Lots 1, 2, 3 and 4, S/2 (All)

Sections 7 through 9: All

Sections 17: All

Section 18: W/2

Section 19: N/2

Section 20: All

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, Yates Petroleum Corporation, is designated as Unit Operator in said Unit Agreement and all oil and gas in the all formations are unitized.

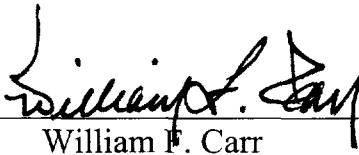
4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 22, 2002, that notice be given as required by law and the rules of the Division, and that the West Echols State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART LLP

By: 
William F. Carr

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. 12911 : Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the West Echols State Exploratory Unit for an area comprising 11,284.24 acres of State of New Mexico lands located in Section 36 of Township 10 South, Range 37 East, NMPM, Sections 1, 2, 10, 11, 12, 13, 14, 15, 16, 23, and 24 of Township 11 South, Range 37 East, NMPM and Sections 4, 5, 6, 7, 8, 9, 17, 18, 19 and 20 of Township 11 South, Range 38 East, NMPM which is located approximately 10 miles northeast of Tatum, New Mexico.

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

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

CASE NO. 12911

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application for an order approving its West Echols State Exploratory Unit and in support of this application states:

1. That the proposed Unit consists of 11,284.24 acres, more or less, of State of New Mexico lands, situated in Lea County, New Mexico. The horizontal limits of said unit are described as follows:

Township 10 South, Range 37 East, N.M.P.M.

Section 36: All

Township 11 South, Range 37 East, N.M.P.M.

Section 1: All

Section 2: Lots 1 and 2, S/2 SW/4, SE/4

Sections 10 through 16: All

Section 23: N/2 N/2

Section 24: N/2

Township 11 South, Range 38 East, N.M.P.M.

Section 4: Lots 1, 2, 3 and 4, S/2 (All)

Section 5: Lots 1, 2, 3 and 4, S/2 (All)

Section 6: Lots 1, 2, 3 and 4, S/2 (All)

Sections 7 through 9: All

Sections 17: All

Section 18: W/2

Section 19: N/2

Section 20: All

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, Yates Petroleum Corporation, is designated as Unit Operator in said Unit Agreement and all oil and gas in the all formations are unitized.

4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

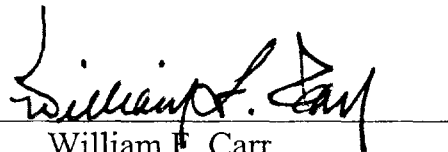
5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 22, 2002, that notice be given as required by law and the rules of the Division, and that the West Echols State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART LLP

By:

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr

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