

#12,984

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

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

March 7, 2003

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

Attn: Mr. Robert Bullock

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

Dear Mr. Bullock:

This office is in receipt of your letter of March 5, 2003, requesting final approval of the Dempster 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 Dempster State Exploratory Unit Agreement. The effective date of your agreement is March 7, 2003.

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

Enclosed are (5) Certificates of Approval.

Your \$180.00 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,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY

Oil, Gas & Minerals Division

(505) 827-5744

PL/JB/pm

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

UNIT NAME: DEMPSTER 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. 12984	3830.08	3830.08	0	0	STRICT	5 YEARS
3/07/2003	ORDER NO. R-11911						SO LONG AS

APPROVALS

SLO--3-07-2003
OCD--2-27-2003

TOWNSHIP 11 SOUTH, RANGE 36 EAST

SECTION 28: All
SECTION 29: All
SECTION 30: Lots 1-4, E/2, E/2W/2
SECTION 31: Lots 1-4, E/2, E/2W/2
SECTION 32: All
SECTION 33: All

EXHIBIT "A"

EXHIBIT "A"					
13 Pet, etal 1-2005 VA 2187 1925	Ruby Fay Marley, etal M.I. T.W. Evans, Odessa Whitley C. Lorene Longwell & M.I. Mal W. Barsouff C.L. John- son (S) F. Donagade F. Mottet Diamond E Half (S)	17 Pannhandle Ray, 1/2 M.I. Diamond E Half (S) all sec.	16 State Mins. Sterling Rchs, (S)	15 Mildred Jones, etal Kelley Oil 1/2 Cobra Expl. 1-8-99 O.S. Dickinson & Deena Atkins, etal, M.I. Sec. Sterling Rchs, (S) 1/2, 1/4 M.I.	U.S.
24 Pet, etal -2005 5908 5 22	Yates Pet, etal 3-1-2006 VA-2389 37 77 38 34	Yates Pet, etal 3-1-2006 VA 2415 32 81	Yates Pet, etal 3-1-2006 VA 2416 17 13	Yates Pet, etal 9-1-2002 VA 1646 15 63 CINDY Cobra 9-1-2002 VA 1647 115 63 J.L. Sharp Cindy 10-10-370 OIA 110 82 Chambers & Kennedy Meadow Pro Phillips St. Disc. 1/2 State 156	Yate 9-1 VA 5
25 Pet, etal 1-2003 1717 1 91	Yates Pet, etal 1-1-2003 VA 1718 37 91	Yates Pet, etal 3-1-2006 VA 2417 32 81	Yates Pet, etal 9-1-2003 VA 1817 77 95	Yates Pet, etal 9-1-2003 V 5358 82 95	Santa Fe Ener. 10-9-87 Snowden, etal Santa Fe TD 1312 DA 4-1-58 Cerrillos Ld Co Sterling Rchs, (S)
36 Yates Pet, etal 9-1-2005 V 5927 114 53	Yates Pet, etal 8-1-2003 VA 1797 38 93	Yates Pet, etal 4-1-2006 V 6178 34 98	Yates Pet, etal 4-1-2006 V 6179 34 98	Yates Pet, etal 9-1-2002 VA 1641 83 95 State O.S. Dickinson & Deena Atkins, etal, M.I. Sterling Rchs, (S)	Co 10-1 Di
6 H.E. Yates 11-1-95 V 3496 33 92	6 H.E. Yates 11-1-95 V 3495 28 15	5 Williamson etal Natural St. TD 1327 DIA 3-21-88 H.E. Yates 11-1-95 V 3494 40 52	4 Southland- St. TD 12552 DIA 23-77 H.E. Yates 11-1-95 V 3494 40 52	3 State, MI Cobra Expl. 1-8-99 O.S. Dickinson & Deena Atkins, etal, M.I. Sterling Rchs, (S)	Yate 6-1 V
12 Yates Pet, etal 2-1-2006 V 6127 190 53	HNG 12-1-91 LH 884 314 12	8 Yates Pet, etal 11-1-95 V 3497 40 53	9 State	10 Gobca Expl. 1-8-99 O.S. Dickinson & Deena Atkins, etal, M.I. Sterling Rchs, (S) Yates Pet, etal 6-1-2004 93227 11 89 U.S., MI J.T. Bess, Jr. (S) Yates Pet, etal 10-8-94 W.T. Settle Yates Pet, etal 10-8-94 W.T. Settle	

EXHIBIT "B"

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1.	T11S-R36E Sec. 30: All Lea County, NM	634.40	VA-1718 1/1/03	State of New Mexico 1/8	Yates Petroleum Corporation 12-12-02	None	Yates Petroleum Corporation 12-12-02 Yates Drilling Company 12-12-02 Abo Petroleum Corporation 12-12-02 Mycos Industries, Inc. 12-12-02
2.	T11S-R36E Sec. 31: All Lea County, NM	635.68	VA-1797 8/1/03	State of New Mexico 1/8	Yates Petroleum Corporation 12-12-02	None	Yates Petroleum Corporation 12-12-02 Yates Drilling Company 12-12-02 Abo Petroleum Corporation 12-12-02 Mycos Industries, Inc. 12-12-02
3.	T11S-R36E Sec. 28: W2 Lea County, NM	320.00	VA-1817 9/1/03	State of New Mexico 1/8	Yates Petroleum Corporation 12-12-02	None	Yates Petroleum Corporation 12-12-02 Yates Drilling Company 12-12-02 Abo Petroleum Corporation 12-12-02 Mycos Industries, Inc. 12-12-02
4.	T11S-R36E Sec. 28: E2 Lea County, NM	320.00	VO-6358 9/1/03	State of New Mexico 1/6	Yates Petroleum Corporation 12-12-02	None	Yates Petroleum Corporation 12-12-02 Yates Drilling Company 12-12-02 Abo Petroleum Corporation 12-12-02 Mycos Industries, Inc. 12-12-02
5.	T11S-R36E Sec. 29: N2 Lea County, NM	320.00	VA-2417 3/1/06	State of New Mexico 1/8	Yates Petroleum Corporation 12-12-02	None	Yates Petroleum Corporation 12-12-02 Yates Drilling Company 12-12-02 Abo Petroleum Corporation 12-12-02 Mycos Industries, Inc. 12-12-02
6.	T11S-R36E Sec. 29: S2 Lea County, NM	320.00	VA-2392 3/1/06	State of New Mexico 1/8	Yates Petroleum Corporation 12-12-02	None	Yates Petroleum Corporation 12-12-02 Yates Drilling Company 12-12-02 Abo Petroleum Corporation 12-12-02 Mycos Industries, Inc. 12-12-02
7.	T11S-R36E Sec. 32: N2 Lea County, NM	320.00	VO-6178 4/1/06	State of New Mexico 1/6	Yates Petroleum Corporation 12-12-02	None	Yates Petroleum Corporation 12-12-02 Yates Drilling Company 12-12-02 Abo Petroleum Corporation 12-12-02 Mycos Industries, Inc. 12-12-02
8.	T11S-R36E Sec. 32: S2 Lea County, NM	320.00	VO-6158 4/1/06	State of New Mexico 1/6	Yates Petroleum Corporation 12-12-02	None	Yates Petroleum Corporation 12-12-02 Yates Drilling Company 12-12-02 Abo Petroleum Corporation 12-12-02 Mycos Industries, Inc. 12-12-02
9.	T11S-R36E Sec. 33: N2 Lea County, NM	320.00	VO-6179 4/1/06	State of New Mexico 1/6	Yates Petroleum Corporation 12-12-02	None	Yates Petroleum Corporation 12-12-02 Yates Drilling Company 12-12-02 Abo Petroleum Corporation 12-12-02 Mycos Industries, Inc. 12-12-02
10.	T11S-R36E Sec. 33: S2 Lea County, NM	320.00	VO-6159 4/1/06	State of New Mexico 1/6	Yates Petroleum Corporation 12-12-02	None	Yates Petroleum Corporation 12-12-02 Yates Drilling Company 12-12-02 Abo Petroleum Corporation 12-12-02 Mycos Industries, Inc. 12-12-02
TOTAL STATE LANDS		3830.08					

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

January 10, 2002

American Inland Resources Company, LLC
24 Smith Road
Suite 170
Midland, Texas 79705

Attn: Mr. Brian M. Sirgo

Re: Resignation/Designation of Successor Unit Operator
Drickey Queen Unit
Chaves County, New Mexico

Dear Mr. Sirgo:

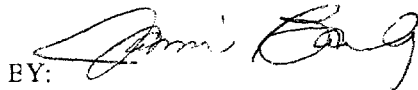
We are in receipt of your resignation/designation of successor unit operator, wherein Northland Operating Company has resigned as unit operator of the Drickey Queen Unit and designated American Inland Resources Company, LLC as the successor unit operator.

The Commissioner of Public Lands has this date approved the resignation of Northland Operating Company and the designation of American Inland Resources Company, LLC as the successor unit operator of this unit. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

This change in operators is effective August 1, 2001. In accordance with this approval, American Inland Resources Company, LLC is now responsible for all operations and the reporting of all production from the unit.

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

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

EY: 

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

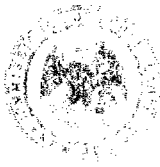
FP/JB/cpm

xc: Reader File

Northland Operating Company

BLM

OCD



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

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FEB 11 2003
OIL CONSERVATION
COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

February 5, 2003

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

Attention: Mr. Robert Bullock

Re: Preliminary Approval
Proposed Dempster 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 Dempster 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.

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 19.2.100.51, 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
February 5, 2003
Page 2

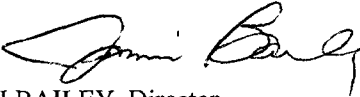
5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement (if applicable).
7. Copies of all the well records for the initial unit well.
8. Your filing fee in the amount of \$180.00 has been received.

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

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:


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

PL/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

December 30, 2002

VIA HAND DELIVERY

Lori Wrotenbery, Chairman
Oil Conservation Commission
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 78505

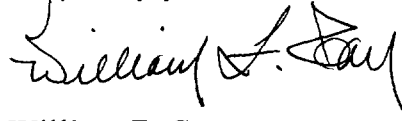
RECEIVED
JAN 1 11 15
2003

Re: Oil Conservation Division Case 12984: Application of Yates Petroleum Corporation for approval of a unit agreement, Lea County, New Mexico.

Dear Ms. Wrotenbery:

Yates Petroleum Corporation requests that the hearing in above referenced case be continued from the January 9th examiner hearing docket to the examiner hearing scheduled for February 6, 2003.

Very truly yours,



William F. Carr
Attorney for Yates Petroleum Corporation

cc: Robert Bullock
Yates Petroleum Corporation
105 south Fourth Street
Artesia, New Mexico 88210