



13,037

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MAY 9 2003

OIL CONSERVATION DIVISION

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

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

May 7, 2003

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

Attn: Mr. Chuck Moran

Re: Final Approval
Biplane Federal State Exploratory Unit
Chaves County, New Mexico

Dear Mr. Moran:

This office is in receipt of your letter of May 1, 2003, requesting final approval for the Biplane Federal State Exploratory Unit Agreement, Chaves County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Biplane Federal State Exploratory Unit Agreement, Chaves County, New Mexico. Our approval is subject to like approval by the Bureau of Land Management and the New Mexico Oil Conservation Division.

Pursuant to your letter of May 1, 2003, it is our understanding that Tract No. 8 is not committed to the unit agreement at this time.

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, Director
Oil, Gas and 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
BLM-Attn: Mr. Armando Lopez

UNIT NAME: BIPLANE FEDERAL STATE EXPLORATORY UNIT
OPERATOR: YATES PETROLEUM CORPORATION
COUNTY: CHAVES

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	FEDERAL	N/C FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 5/05/2003	CASE NO. 13037 ORDER NO. R-11941	2170.72	640.00	1370.72	160.00	Modified	5 YEARS SO LONG AS	

(Committed Acreage)

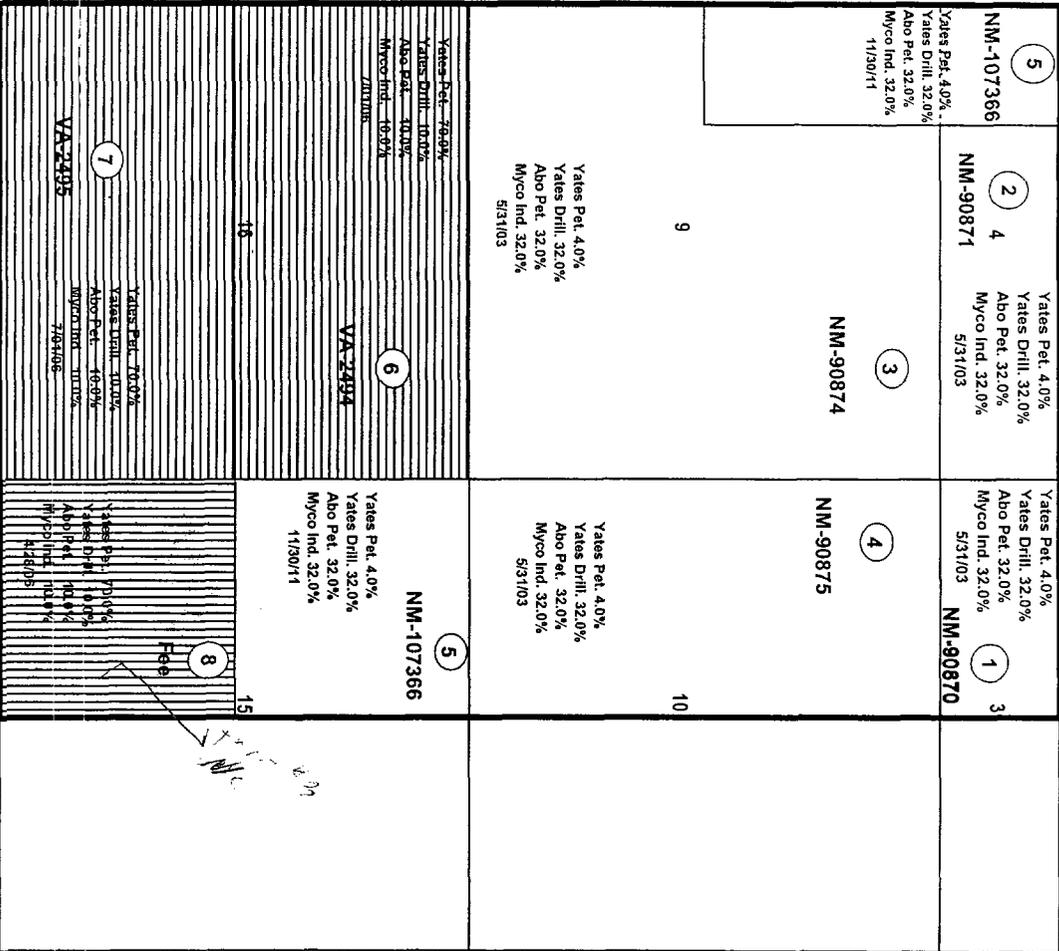
APPROVALS

SLO--5-07-2003
OCD--4-22-2003
BLM--05-05-2003

TOWNSHIP 16 SOUTH, RANGE 27 EAST

SECTION 16: All

R27E



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EXHIBIT "A"

2009 MAY -2 PM 9:12

Yates Petroleum Corporation

STATE LAND OFFICE

Biplane Unit Area

Chaves County, New Mexico

① Indicates Tract No. on Exhibit B

□ Federal Land

▨ State Land

▩ Fee Land

▬ Indicates Unit Area

Scale: 3 inches = 1 mile

Exhibit B
Biplane Unit Area, Chaves County, New Mexico

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 200 MAY -2 11:05 AM '12

Tract No.	Description of Land	No. of Acres	Serial No. and expiration date of lease	Basic royalty and ownership percentage	Lessee of Record	Overriding Royalty and percentage	Working Interest and percentage
1	Township 6 South, Range 27 East, N1/4, NW/4 Section 3, Lots 3, 4 (W/2)	83.60	NM-90870 05/31/03	U.S.: 12.5%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	4.00% 32.00% 32.00% 32.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
2	Township 6 South, Range 27 East, N1/4, NW/4 Section 4, Lots 1, 2 & 3	125.35	NM-90871 05/31/03	U.S.: 12.5%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	4.00% 32.00% 32.00% 32.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
3	Township 6 South, Range 27 East, N1/4, NW/4 Section 9, E/2, SW/4, E/2NW/4	560.00	NM-90874 05/31/03	U.S.: 12.5%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	4.00% 32.00% 32.00% 32.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
4	Township 6 South, Range 27 East, N1/4, NW/4 Section 10: W/2	320.00	NM-90875 05/31/03	U.S.: 12.5%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	4.00% 32.00% 32.00% 32.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
5	Township 6 South, Range 27 East, N1/4, NW/4 Section 4: Lot 4 Section 9: W/2NW/4 Section 15: NW/4	281.77	NM-107366 11/30/11	U.S.: 12.5%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	4.00% 32.00% 32.00% 32.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
6	Township 6 South, Range 27 East, N1/4, NW/4 Section 16: N/2	320.00	VA-2494 07/01/06	State of NM: 12.5%	Yates Petroleum Corporation	100.00%	Yates Petroleum Corporation
7	Township 6 South, Range 27 East, N1/4, NW/4 Section 16: S/2	320.00	VA-2495 07/01/06	State of NM: 12.5%	Yates Petroleum Corporation	100.00%	Yates Petroleum Corporation
8a	Township 6 South, Range 27 East, N1/4, NW/4 Section 15: SW/4	160.00	Fee 04/28/06	Viola Fahlender: 18.75%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.00% 10.00% 10.00% 10.00%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.

Exhibit B
Biplane Unit Area, Chaves County, New Mexico

Tract	Area	Fee	Date	Owner	Share	None	Share	Share
8b	Township 6 South, Range 27 East, NMPM Section 15, SW/4	160.00	04/28/06	The Dersham Trust: 18.75%	70.00%	None	Yates Petroleum Corporation	70.00%
				Yates Petroleum Corporation	10.00%		Yates Petroleum Corporation	10.00%
				Yates Drilling Company	10.00%		Yates Drilling Company	10.00%
				Abo Petroleum Corporation	10.00%		Abo Petroleum Corporation	10.00%
				Myco Industries, Inc.	10.00%		Myco Industries, Inc.	10.00%
8c	Township 6 South, Range 27 East, NMPM Section 15, SW/4	160.00	04/28/06	Joseph W. Fahrlander: 18.75%	70.00%	None	Yates Petroleum Corporation	70.00%
				Yates Petroleum Corporation	10.00%		Yates Petroleum Corporation	10.00%
				Yates Drilling Company	10.00%		Yates Drilling Company	10.00%
				Abo Petroleum Corporation	10.00%		Abo Petroleum Corporation	10.00%
				Myco Industries, Inc.	10.00%		Myco Industries, Inc.	10.00%
8d	Township 6 South, Range 27 East, NMPM Section 15, SW/4	160.00	04/28/06	Sue Fahrlander Lemons: 18.75%	70.00%	None	Yates Petroleum Corporation	70.00%
				Yates Petroleum Corporation	10.00%		Yates Petroleum Corporation	10.00%
				Yates Drilling Company	10.00%		Yates Drilling Company	10.00%
				Abo Petroleum Corporation	10.00%		Abo Petroleum Corporation	10.00%
				Myco Industries, Inc.	10.00%		Myco Industries, Inc.	10.00%
TOTAL	5 Tracts - Federal 1370.72 acres or 63.15% 2 Tracts - State 640.00 acres or 29.48% 1 Tract - Fee 160.00 acres or 7.37% 8 Tracts 2170.72 acres in entire unit area							



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ROSWELL FIELD OFFICE
2909 West Second Street
Roswell, New Mexico 88201-2019

#13,037

RECORDED

MAR 24 2003

CIL CONSERVATION
DIVISION

IN REPLY REFER
NMNM109680X
3180 (06300)

MAR 21 2003

Yates Petroleum Corporation
Attention: Chuck Moran
105 S. Fourth Street
Artesia, NM 88210-2118

Gentlemen:

Your application of February 28, 2003 filed with the BLM requests the designation of the Biplane Unit area, embracing 2170.72 acres, more or less, Chaves County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Exhibit A, Yates Petroleum Corporation, Biplane Unit, Eddy County, New Mexico, is hereby designated as a logical unit area and has been assigned No. NMNM109680X. This designation is valid for a period of one year from the date of this letter.

The unit agreement submitted for the area designated should provide for a well to test the Wolfcamp formation, or to a depth of 5700 feet, whichever is the lesser depth. Your proposed use of the Form of Agreement for Unproved Areas will be accepted with the following language inserted in Sections 9 and 11 of the agreement:

Section 9: It is understood that the qualification of existing wells as unit wells shall not be considered unless and until a well producing in paying quantities has been completed in accordance with this section of the unit agreement.

Section 11: Determination as to whether a well completed within the unit area prior to the effective date of this agreement is capable of producing unitized substances in paying quantities shall be deferred until an initial participating area is established as a result of the completion of a well for production in paying quantities in accordance with section 9 hereof.

If conditions are such that further modification of said standard form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the BLM for final approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the reprint of the aforementioned form.

Inasmuch as this unit agreement involves State and Fee lands, a copy of the letter is being sent to the Commissioner of Public Lands and the NMOCD. Please contact the State of New Mexico before soliciting joinders regardless of prior contacts or clearances from the state.

Sincerely,

Larry D. Bray

Larry D. Bray
Assistant Field Manager,
Lands and Minerals

Enclosures

CC:
Commissioner of Public Lands, Santa Fe
NMOCD, Santa Fe

13037



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

Attention: Mr. Robert Bullock

Re: Preliminary Approval
Proposed Biplane Federal State Exploratory Unit
Chaves County, New Mexico

Dear Mr. Bullock:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Biplane Federal State Exploratory Unit area, Chaves 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 and Designation from the Bureau of Land Management. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Yates Petroleum Corporation
March 7, 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. A filing fee in the amount of \$180.00.

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
BLM-Roswell, Attention: Mr. Armando Lopez

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

February 25, 2003

HAND DELIVERED

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MAR . 3 2003

Ms. 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

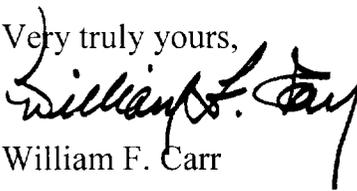
Oil Conservation Division

Case 13037

**Re: Application of Yates Petroleum Corporation for approval of a
unit agreement, Chaves 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 March 27, 2003 Examiner Hearing docket.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Chuck Moran
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

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

MAR . 5 2003

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

Oil Conservation Division
CASE NO. 13037

APPLICATION

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

1. The proposed Unit Area consists of 2170.72 acres, more or less, of State, Federal and Fee lands, situated in Chaves County, New Mexico. The horizontal limits of said unit are described as follows:

Township 6 South, Range 27 East, N.M.P.M.

Section 3:	Lots 3 and 4 (W/2)
Section 4:	Lots 1, 2, 3, and 4 (All)
Section 9:	All
Section 10:	W/2
Section 15:	W/2
Section 16:	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 March 27, 2003, that notice be given as required by law and the rules of the Division, and that the Biplane Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By:  _____

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. 13037

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico. Applicant seeks approval of the BiPlane Exploratory Unit for an area comprising 2170.72 acres of State of New Mexico, Federal and Fee lands in Sections 3, 4, 9, 10 15, and 16, of Township 6 South, Range 27 East, , which is located approximately 3 miles west of Dougherty, New Mexico.