



13,051

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

April 22, 2003

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

Attention: Mr. Robert Bullock

Re: Preliminary Approval
Proposed Strait State Exploratory Unit
Lea County, New Mexico

RECEIVED

APR 24 2003

OIL CONSERVATION
DIVISION

Dear Mr. Bullock:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Strait 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.

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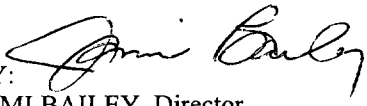
Yates Petroleum Corporation
April 22, 2003
Page 2

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

UNIT NAME: STRAIT 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. 13051	3840.40	3840.00	0	0	STRICT	5 YEARS
4/28/2003	ORDER NO. R-11947						SO LONG AS

APPROVALS

SLO--4-28-2003
OCD--4-24-2003

TOWNSHIP 10 SOUTH, RANGE 34 EAST

SECTION 20: All
SECTION 21: All
SECTION 28: All
SECTION 29: All
SECTION 32: All
SECTION 33: All

EXHIBIT "A"

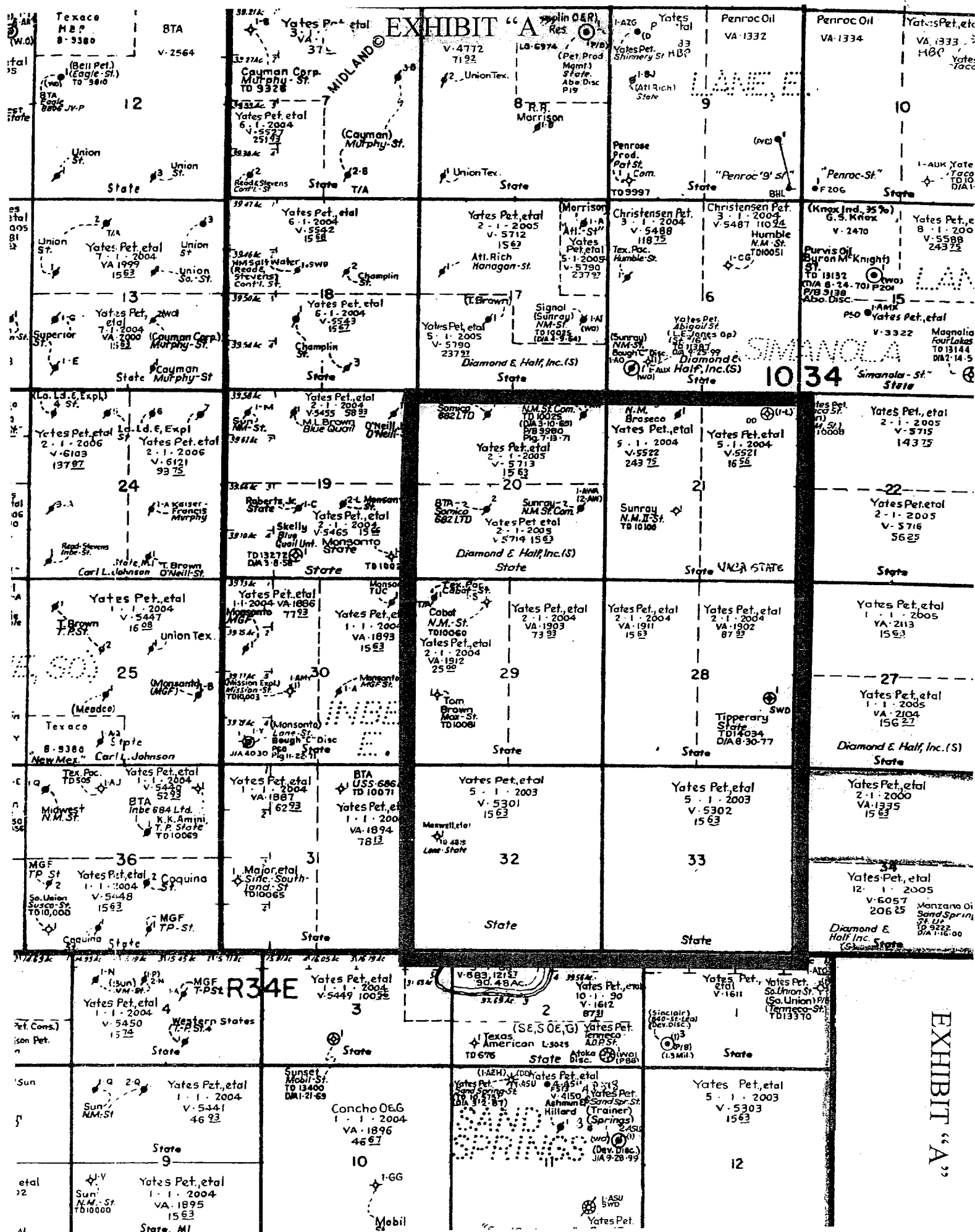


EXHIBIT "B"
STRAIT STATE EXPLORATORY UNIT
LEA COUNTY, NEW MEXICO

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1.	T10S,R34E Sec. 32: All Lea County, NM	640.00	VO-5301 5/1/03	State of New Mexico 1/6	Yates Petroleum Corporation 3-28-03 TUR	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
2.	T10S,R34E Sec. 33: All Lea County, NM	640.00	VO-5302 5/1/03	State of New Mexico 1/6	Yates Petroleum Corporation 3-28-03 TUR	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
3.	T10S,R34E Sec. 29: W2 Lea County, NM	320.00	VA-1912 2/1/04	State of New Mexico 1/8	Yates Petroleum Corporation 3-28-03 TUR	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
4.	T10S,R34E Sec. 29: E2 Lea County, NM	320.00	VA-1903 2/1/04	State of New Mexico 1/8	Yates Petroleum Corporation 3-28-03 TUR	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
5.	T10S,R34E Sec. 28: W2 Lea County, NM	320.00	VA-1911 2/1/04	State of New Mexico 1/8	Yates Petroleum Corporation 3-28-03 TUR	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
6.	T10S,R34E Sec. 28: E2 Lea County, NM	320.00	VA-1902 2/1/04	State of New Mexico 1/8	Yates Petroleum Corporation 3-28-03 TUR	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
7.	T10S,R34E Sec. 21: W2 Lea County, NM	320.00	VO-5522 - 1 5/1/04	State of New Mexico 1/6	Yates Petroleum Corporation 3-28-03 TUR	Christianson Petroleum 7.833%	Yates Petroleum Corporation
8.	T10S,R34E Sec. 21: E2 Lea County, NM	320.00	VO-5521 5/1/04	State of New Mexico 1/6	Yates Petroleum Corporation 3-28-03 TUR	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
9.	T10S,R34E Sec. 20: N2 Lea County, NM	320.00	VO-5713 2/1/05	State of New Mexico 1/6	Yates Petroleum Corporation 3-28-03 TUR	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
10.	T10S,R34E Sec. 20: S2 Lea County, NM	320.00	VO-5714 2/1/05	State of New Mexico 1/6	Yates Petroleum Corporation 3-28-03 TUR	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
	TOTAL ACRES	3840.00					
	STATE LANDS	100%					

RECEIVED

STATE LAND OFFICE
SANTA FE, N.M.

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

March 28, 2003

HAND DELIVERY

RECEIVED

MAR 31 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

Case 13051

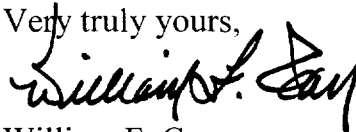
Oil Conservation Division

**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 April 24, 2003 Examiner Hearing docket.

Very truly yours,



William F. Carr

Enclosures

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

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

RECEIVED

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

MAR 31 2003
13051
CASE NO. 00 Conservation Division

APPLICATION

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

1. The proposed Unit Area consists of 3840.00 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 34 East, N.M.P.M.

Sections 20 and 21: All
Sections 28 and 29: All
Sections 32 and 33: 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 April 24, 2003, that notice be given as required by law and the rules of the Division, and that the Strait State 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. 13051:

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Strait State Exploratory Unit for an area comprising 3840.00 acres of State of New Mexico lands in Sections 20, 21, 28, 29, 32 and 33 of Township 10 South, Range 34 East, NMPM which is located approximately 6 miles south of Crossroads, New Mexico.