

AGREEMENT

This Agreement is entered into effective November 27, 2000, by Mississippi Potash, Inc. (MPI), whose address is P. O. Box 101, Carlsbad, New Mexico, 88221, and Yates Petroleum Corporation ("YPC"), whose address is 105 South Fourth Street, Artesia, New Mexico, 88210.

WHEREAS:

1. MPI has filed an Application For Lease on State Land for Lease No. MP-0029, which covers, all the lands in Section 2, Township 22 South, Range 31, East, N.M.P.M., Eddy County, New Mexico;

2. YPC is the lessee and operator of State of New Mexico Oil and Gas Lease V-2705, covering the N/2 of Section 2, Township 22 South, Range 31 East, Eddy County, New Mexico;

3. YPC is the lessee and operator of State of New Mexico Oil and Gas Lease V-2597, covering the SW/4 of Section 2, Township 22 South, Range 31 East, Eddy County, New Mexico;

4. Section 2 is withing the oil-potash area of southeast New Mexico as defined in New Mexico Oil Conservation Division ("OCD") Order No. R-111-P;

5. YPC has filed with the OCD, Applications for Permits to Drill ("APD") the Graham "AKB" State Wells No. 3 and 4 located in the W/2 NE/4 Section 2, Township 22 South, Range 31 East, Eddy County, New Mexico;

6. MPI has previously objected to the drilling of the Graham "AKB" State Wells No. 3 and 4.

7. Other disputes have arisen between MPI, YPC and Pogo Producing Company ("Pogo"), with respect to the drilling of wells in Sections 34 and 35, Township 21 South, Range 31 East, Eddy County, New Mexico. By Agreement dated effective June 16, 2000, MPI, YPC and Pogo resolved such disputes. Nothing in the instant agreement shall change or alter said agreement.

8. MPI and YPC desire to settle their differences with respect to potash operations and oil development in Section 2. MPI shall have the right to a corridor for mining, or drifts or tunnels, through Section 2, and YPC shall be allowed to drill oil wells in Section 2.

9. ~~In the event that the State of New Mexico should fail to grant MPI's Application for Lease described in paragraph 1 above, this agreement shall terminate and MPI will not oppose YPC's drilling of wells in Section 2.~~

ELC *WAT* *RF* *RMB*