



United States Department of the Interior

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

RECEIVED

JAN 18 2005

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IN REPLY REFER
 NNMNM112728X
 3180 NM(513)

JAN 14 2005

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

Gentlemen:

Your application filed with the BLM requests the designation of the Leanin L Federal Exploratory Unit area, embracing 2560.00 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, Leanin L Federal Exploratory Unit, Chaves County, New Mexico, is hereby designated as a logical unit area and has been assigned No. NNMNM112728X. This designation is valid for a period of one year from the date of this letter.

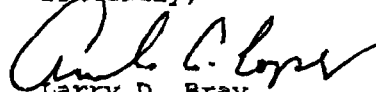
The unit agreement submitted for the area designated should provide for a well to test the base of the Strawn formation, or to a depth of 10,000 feet, whichever is the lesser depth. Your proposed use of the Form of Agreement for Unproved Areas is unacceptable. All verbage referring to the Oil Conservation Division must be omitted as this is a Federal unit. Any changes to Sections 1 through 32 of the agreement have to be discussed with this office first. A copy of the unit agreement you submitted is being returned with corrections to be made marked in red. A Model Form for Unproved Areas is also enclosed, please follow it closely. Corrections to be made to Exhibits A and B are marked in red on the enclosed Exhibits.

If conditions are such that 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.

Sincerely,


 Larry D. Bray
 Assistant Field Manager,
 Lands and Minerals

4 Enclosures

ATTACHMENT D