



13414

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

May 9, 2006

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210-2118

Attn: Ms. Bonnie Floore

2006 Plan of Development
Brick State Exploratory Unit
Lea County, New Mexico

2006 MAY 15 PM 1 24

Dear Ms. Floore:

The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

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/cpm
xc: Reader File

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State



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January 31, 2005

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

Attention: Mr. Chuck Moran

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

RECEIVED

FEB 02 2005

Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

Dear Mr. Moran:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Brick 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 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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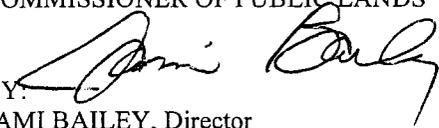
Yates Petroleum Corporation
January 31, 2005
Page 2

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. Please submit a \$120.00 filing fee.

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



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Commissioner of Public Lands

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PATRICK H. LYONS
COMMISSIONER

RECEIVED

MAR 02 2005

OIL CONSERVATION
DIVISION

February 28, 2005

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

Attn: Ms. Kathy H. Porter

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

Dear Ms. Porter:

This office is in receipt of your letter of February 25, 2004, requesting final approval of the Brick 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 Brick State Exploratory Unit Agreement. The effective date of your agreement is February 28, 2005.

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

Enclosed are (5) Certificates of Approval.

Your \$120.00 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
Mr. William F. Carr

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UNIT NAME: BRICK STATE EXPLORATORY UNIT
 OPERATOR: YATES PETROLEUM CORPORATION
 COUNTY: CHAVES

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 02/28/2005	CASE NO. 13414 ORDER NO. R-12292	2520.00	2520.00	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--02-28-2005
 OCD--02-25-2005

TOWNSHIP 08 SOUTH, RANGE 27 EAST

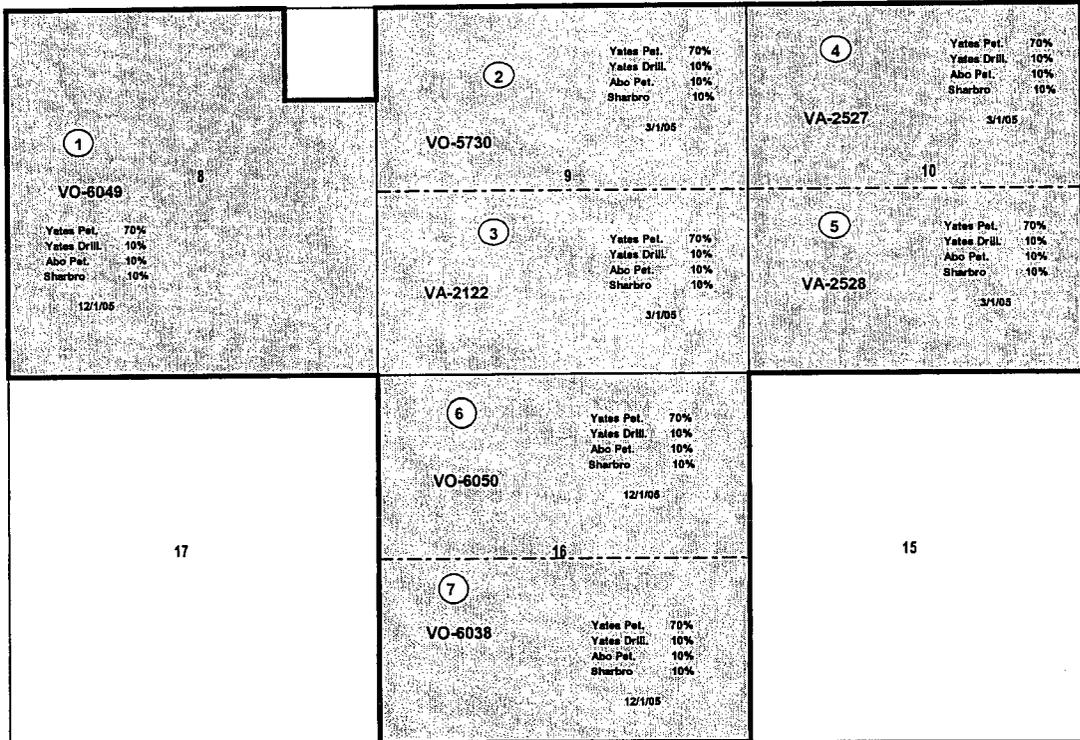
SECTION 8: W/2, SE/4, W/2NE/4, SE/4NE/4
 SECTION 9: ALL
 SECTION 10: ALL
 SECTION 16: ALL

EXHIBIT "A"

Yates Petroleum Corporation

Brick State Unit Area
 Township 8 South, Range 27 East, N.M.P.M.
 Chaves County, New Mexico

R27E



T
8
S

— Indicates Unit Area

Scale 2 inches = 1 mile

Tract number

Exhibit B
Brick State Unit Area
Chaves County
New Mexico

Tract No.	Lessor	Description of Land	No. of Acres	Lease Serial No.	Lease Expiration Date	Basic Royalty and Ownership Percentage	Lessee of Record/Original Lessee	Overriding Royalty and Percentage	Working Interest Owner and Percentage
1	State of New Mexico	Township 8 South, Range 27 East Sec. 8, W/2NE/4, SE/4NE/4, W/2, SE/4	600.00	V-6049	12/01/05	1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation 70.00% Yates Drilling Company 10.00% Abo Petroleum Corporation 10.00% Sharbo Oil Ltd. Co. 10.00%
2	State of New Mexico	Township 8 South, Range 27 East Sec. 9, N/2	320.00	VO-5730	03/01/05	1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation 70.00% Yates Drilling Company 10.00% Abo Petroleum Corporation 10.00% Sharbo Oil Ltd. Co. 10.00%
3	State of New Mexico	Township 8 South, Range 27 East Sec. 9, S/2	320.00	VA-2122	03/01/05	1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation 70.00% Yates Drilling Company 10.00% Abo Petroleum Corporation 10.00% Sharbo Oil Ltd. Co. 10.00%
4	State of New Mexico	Township 8 South, Range 27 East Sec. 10, N/2	320.00	VA-2527	09/01/06	1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation 70.00% Yates Drilling Company 10.00% Abo Petroleum Corporation 10.00% Sharbo Oil Ltd. Co. 10.00%
5	State of New Mexico	Township 8 South, Range 27 East Sec. 10, S/2	320.00	VA-2528	09/01/06	1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation 70.00% Yates Drilling Company 10.00% Abo Petroleum Corporation 10.00% Sharbo Oil Ltd. Co. 10.00%
6	State of New Mexico	Township 8 South, Range 27 East Sec. 16, N/2	320.00	VO-6050	12/01/05	1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation 70.00% Yates Drilling Company 10.00% Abo Petroleum Corporation 10.00% Sharbo Oil Ltd. Co. 10.00%
7	State of New Mexico	Township 8 South, Range 27 East Sec. 16, S/2	320.00	VO-6038	12/01/05	1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation 70.00% Yates Drilling Company 10.00% Abo Petroleum Corporation 10.00% Sharbo Oil Ltd. Co. 10.00%

Total of 7 Tracts - 2520.00 acres or 100%