



13638

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

February 14, 2006

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

Attn: Mr. Robert Bullock

Re: Final Approval
Hoyt State Exploratory Unit
Lea County, New Mexico

Dear Mr. Bullock:

Thank you for your letter of February 9, 2006 requesting final approval of the Hoyt State Exploratory Unit Agreement, Lea County, New Mexico.

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

The Commissioner of Public Lands has this date granted final approval to the Hoyt State Exploratory Unit Agreement effective February 14, 2006.

Enclosed are five (5) Certificates of Approval.

Your \$450.00 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

2006 FEB 15 PM 1 05

-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 Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

UNIT NAME: HOYT STATE EXPLORATORY UNIT
 OPERATOR: YATES PETROLEUM CORPORATION
 COUNTY: LEA

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 04/14/2006		7360.00	7360.00	0	0	STRICTLY	2006 FEB 16 PM 1 31 16 YEARS SO LONG AS

APPROVALS

SLO--02-14-2006
 OCD--02-07-2006 CASE NO. 13638
 ORDER NO. R-12504

- TOWNSHIP 10 SOUTH, RANGE 35 EAST
- SECTION 8: ALL
 - SECTION 9: W/2, SE/4
 - SECTION 10: S/2
 - SECTION 11: SW/4
 - SECTION 12: SE/4
 - SECTION 13: ALL
 - SECTION 14: ALL
 - SECTION 15: ALL
 - SECTION 16: ALL
 - SECTION 17: ALL
 - SECTION 20: N/2, N/2SE/4
 - SECTION 21: E/2, NW/4, N/2SW/4
 - SECTION 22: ALL
 - SECTION 23: N/2
 - SECTION 24: N/2, N/2S/2

EXHIBIT A

Grid of land parcels with columns for parcel ID, owner names (e.g., Yates Pet. etal, Cerrillos Ld Co., U.S. MI), acreage, and location (e.g., State, C.W. Kinsolving, S).

ERLE STATE UNIT (YATES PET. OPER.)

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DEVON (OPT) no term

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Yates Pet. etal 2 1 2006 VA 2377 6593

Yates Pet. etal 2 1 2006 VA 2377 4292

Yates Pet. etal 2 1 2006 VA 2377 4292

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Yates Pet. etal 2 1 2006 VA 2377 4292

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1.	T10S-R35E Sec 8: N2 Lea County, NM	320.00	VA-2377 2/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
2.	T10S-R35E Sec 8: S2 Lea County, NM	320.00	VA-2361 2/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
3.	T10S-R35E Sec 9: W2, SE4 Lea County, NM	480.00	VA-2378 2/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
4.	T10S-R35E Sec 17: N2 Lea County, NM	320.00	VA-2379 2/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
5.	T10S-R35E Sec 17: S2 Lea County, NM	320.00	VA-2362 2/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
6.	T10S-R35E Sec 10: S2 Lea County, NM	320.00	VA-2406 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
7.	T10S-R35E Sec 11: SW4 Lea County, NM	160.00	VA-2407 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
8.	T10S-R35E Sec 12: SE4 Lea County, NM	160.00	VA-2408 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.

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9.	T10S-R35E Sec 13: N2 Lea County, NM	320.00	VA-2409 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
10.	T10S, R35E Sec 13: S2 Lea County, NM	320.00	VA-2387 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
11	T10S, R35E Sec 14: E2 Lea County, NM	320.00	VA-2410 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
12.	T10S, R35E Sec 14: W2 Lea County, NM	320.00	VA-2388 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
13.	T10S-R35E Sec 23: N2 Lea County, NM	320.00	VA-2411 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
14.	T10S-R35E Sec 24: N2, N2S2 Lea County, NM	480.00	VA-2413 3/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
15.	T10S-R35E Sec 15: E2 Lea County, NM	320.00	VA-2436 4/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
16.	T10S-R35E Sec 15: W2 Lea County, NM	320.00	VA-2428 4/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.
17.	T10S-R35E Sec 16: E2 Lea County, NM	320.00	VA-2437 4/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST	
18.	T10S-R35E Sec 16: W2 Lea County, NM	320.00	VA-2429 4/1/2006	State of New Mexico 1/8	The Blanco Company 11/12/2006	None	The Blanco Company 11/12/2006	100.00%
19.	T10S-R35E Sec 20: N2, N2SE4 Lea County, NM	400.00	VA-2439 4/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation 11/12/2006	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.00% 10.00% 10.00% 10.00%
20.	T10S-R35E Sec 21: E2, NW4, N2SW4 Lea County, NM	560.00	VA-2440 4/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation 11/12/2006	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.00% 10.00% 10.00% 10.00%
21.	T10S-R35E Sec 22: W2 Lea County, NM	320.00	VA-2430 4/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation 11/12/2006	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.00% 10.00% 10.00% 10.00%
22.	T10S-R35E Sec 22: E2 Lea County, NM	320.00	VA-2441 4/1/2006	State of New Mexico 1/8	Yates Petroleum Corporation 11/12/2006	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc.	70.00% 10.00% 10.00% 10.00%

STATE MINERALS 7360.00

TOTAL ACREAGE 7360.00