



12372

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

September 29, 2004

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

Attn: Ms. Bonnie Floore

2004 Plan of Development
Indigo State Unit
Lea County, New Mexico

RECEIVED

OCT 01 2004

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

Dear Ms. Floore:

The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the unit area and the need for further development of the unit may exist. You may be contacted 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

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April 12, 2005

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

Attn: Mr. Kevin Klein

2005 Plan of Development
Indigo State Unit
Lea County, New Mexico

Dear Mr. Klein:

The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the unit area and the need for further development of the unit may exist. You may be contacted 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

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over a horizontal line.

BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/cpm
xc: Reader File

OCD

-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



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May 2, 2005

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

Attention: Mr. Robert Bullock

Re: Voluntary Termination
Indigo State Unit
Lea County, New Mexico

RECEIVED

MAY 3 - 2005

OIL CONSERVATION
DIVISION

Dear Mr. Bullock:

We are in receipt of your letter of April 22, 2005 requesting the voluntary termination of the Indigo State Unit Agreement. Enclosed with your letter of April 22, 2005 are ratifications of over 75% of the working interest owners requesting the unit termination.

Pursuant to Article 17 of the Indigo State Unit Agreement, please be advised that this office has terminated the Indigo State Unit Agreement effective May 2, 2005. It is our understanding that all remaining Indigo State Unit wells will be re-named and operated on a communitization or lease basis.

Please notify all interested parties of this action.

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: *Anthony N. Nock*
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
PL/JB/pm

pc: Reader File, Commissioner's File
NMOCD Attention: Mr. Roy Johnson
TRD-Attention: Mr. Valdean Severson
RMD-Attn: Ms. Linda Vieira

-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 Salina Lands • Water Resources • Western New Mexico University

UNIT NAME: INDIGO STATE UNIT
 OPERATOR: YATES PETROLEUM CORPORATION
 COUNTY: LEA

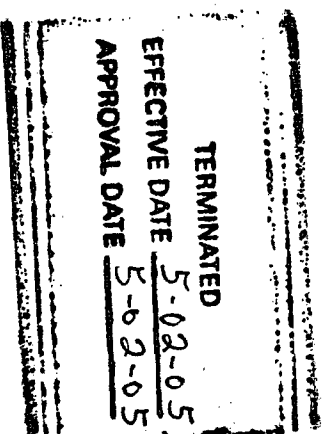
DATE APPROVED	OCC CASE NO. OCC ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 05/03/2000	CASE NO. 12372 ORDER NO. R-11366	2213.70	2213.70	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--05-03-2000
 OCD--04-28-2000

TOWNSHIP 12 SOUTH, RANGE 35 EAST

SECTION 5: Lots 1, 2, 3, 4, S/2N/2, S/2
 SECTION 6: Lots 3, 4, 5, 6, 7, SE/4NW/4, E/2SW/4
 SECTION 7: Lots 1, 2, 3, 4, E/2, E/2W/2
 SECTION 8: ALL



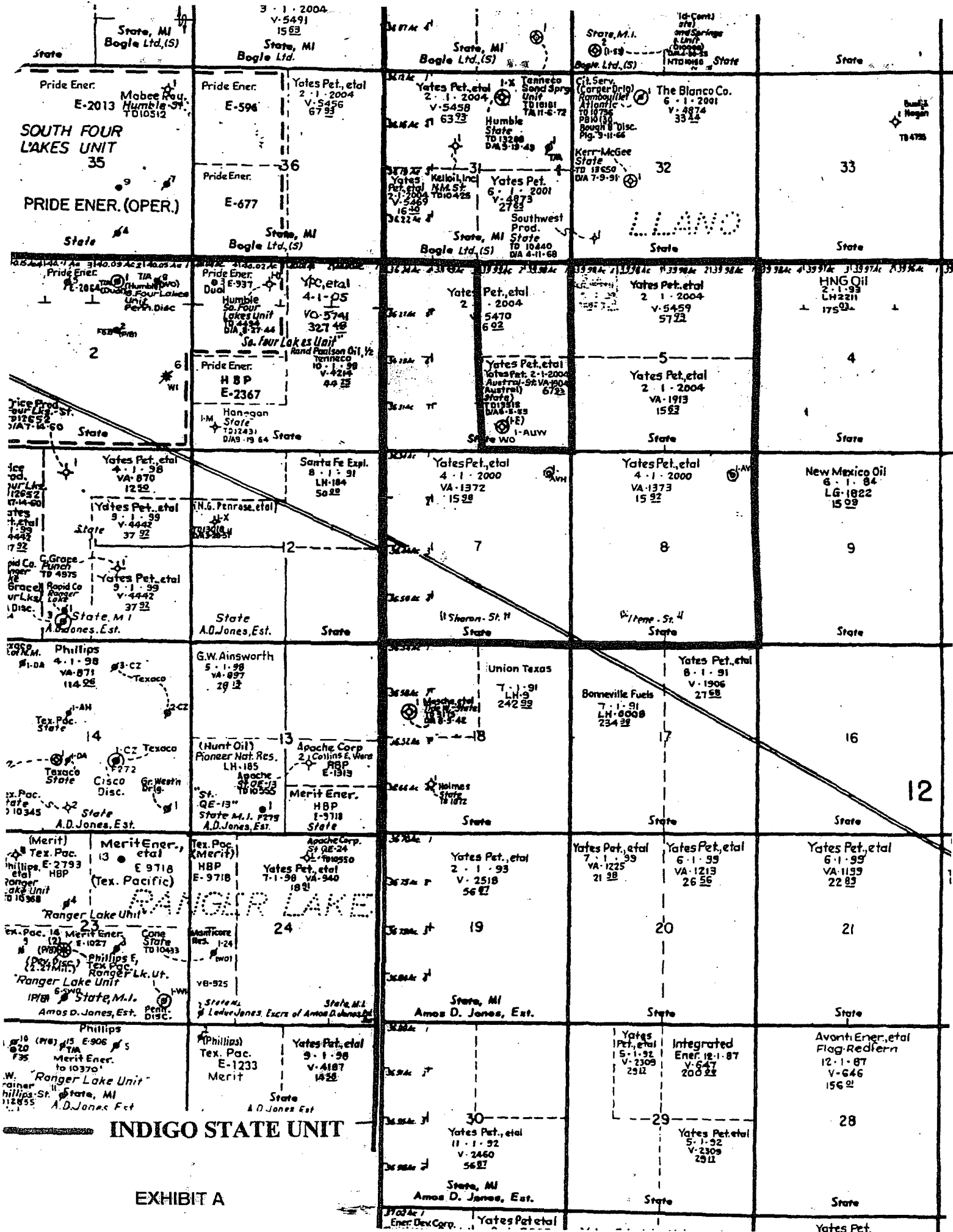


EXHIBIT "B"

Indigo State Unit
Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	SERIAL NUMBER AND EXPIRATION DATE	ACRES	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1	<u>T12S-R35E</u> Section 7: Lots 1,2,3,4, E/2, E/2W/2 (All)	VA-1372 4/1/2000	625.68	State of New Mexico 12.50%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
2	<u>T12S-R35E</u> Section 8: All	VA-1373 4/1/2000	640.00	State of New Mexico 12.50%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
3	<u>T12S-R35E</u> Section 5: S/2	VA-1913 2/1/2004	320.00	State of New Mexico 12.50%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
4	<u>T12S-R35E</u> Section 5: Lots 1, 2, 3, 4, S/2N/2	VO-5459 2/1/2004	319.92	State of New Mexico 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
5	<u>T12S-R35E</u> Section 6: Lots 3, 4, 5, 6, 7, SE/4NW/4, E/2SW/4	VO-5470 2/1/2004	308.10	State of New Mexico 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.

TOTAL STATE LANDS

2,213.70