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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 8, 2006

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

Attn: Ms. Bonnie Floore

Re: 2006 Plan of Development
Dice State Unit
Chaves County, New Mexico

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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MAY 21 2004

OIL CONSERVATION
DIVISION

May 18, 2004

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

Attn: Mr. Chuck Moran

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

Dear Mr. Moran:

This office is in receipt of your letter of May 17, 2004, requesting final approval of the Dice 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 Dice State Exploratory Unit Agreement. The effective date of your agreement is May 18, 2004.

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

Enclosed are (5) Certificates of Approval.

Your \$180.00 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, Director
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

ALL FORMATIONS BELOW THE TOP OF THE SAN ANDRES FORMATION
 UNIT NAME: DICE STATE EXPLORATORY UNIT
 OPERATOR: YATES PETROLEUM CORPORATION
 COUNTY: LEA

DATE	OCC CASE NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 05/18/2004		3840.00	3840.00	0.00	0	STRICT	5 YEARS SO LONG AS

(Committed Acreage)

APPROVALS
 SLO--05-18-2004
 OCD--05-10-2004 CASE NO. 13230
 ORDER NO. R-12139

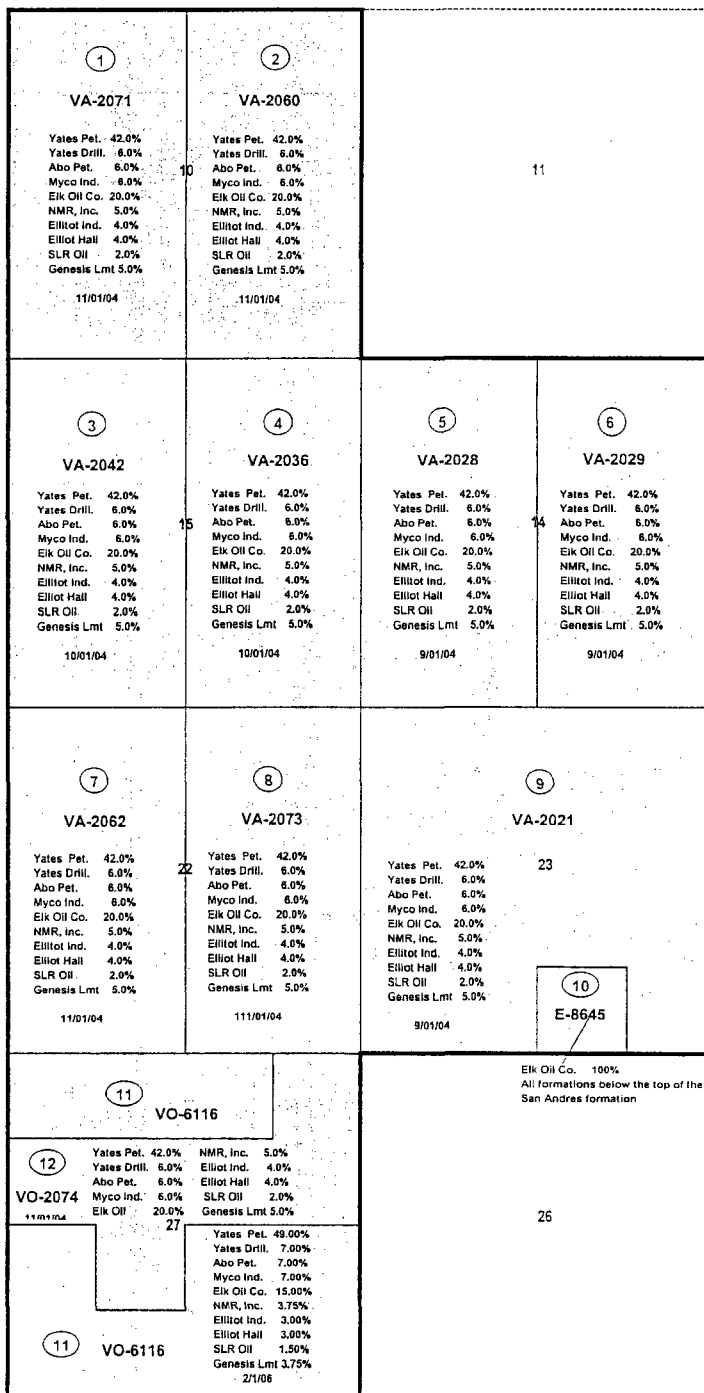
TOWNSHIP 10 SOUTH, RANGE 26 EAST
 SECTION 10: ALL
 SECTION 14: ALL
 SECTION 15: ALL
 SECTION 22: ALL
 SECTION 23: ALL
 SECTION 27: ALL

RECEIVED

MAY 24 2004

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

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EXHIBIT "A"

Indicates Unit Area

Yates Petroleum Corporation

Scale 2 1/4 inches = 1 mile

Dice State Unit Area

Chaves County, New Mexico

Exhibit B
Dice State Unit Area
Chaves County
New Mexico

All depths below the top of the San Andres Formation

Tract No.	Description of Land	No. of Acres	Lease Serial No.	Expiration Date	Basic Royalty and Ownership Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest Owner and Percentage	Interest Burdened By ORRI	
										%
1	Township 10 South, Range 28 East Sec. 10, W/2	320.00	VA-2071	11/01/04	State of NM: 12.50%	Yates Petroleum Corporation	100.00%	Joseph J. Kelly	42.00%	
								J. Michael Kelly	6.00%	
								Collie Limited Partnership LP	6.00%	
								Mary Ann Twilly	6.00%	
								NMR, Inc.	20.00%	
								Genesis Limited Partnership	5.00%	
								Yates Petroleum Corporation	4.00%	
								Yates Drilling Company	4.00%	
								Abco Petroleum Corporation	2.00%	
								Myco Industries, Inc.	2.00%	
2	Township 10 South, Range 28 East Section 10: E/2	320.00	VA-2060	11/01/04	State of NM: 12.50%	Yates Petroleum Corporation	100.00%	Joseph J. Kelly	42.00%	
								J. Michael Kelly	6.00%	
								Collie Limited Partnership LP	6.00%	
								Mary Ann Twilly	6.00%	
								NMR, Inc.	20.00%	
								Genesis Limited Partnership	5.00%	
								Yates Petroleum Corporation	4.00%	
								Yates Drilling Company	4.00%	
								Abco Petroleum Corporation	2.00%	
								Myco Industries, Inc.	2.00%	
3	Township 10 South, Range 28 East Section 15: W/2	320.00	VA-2042	10/01/04	State of NM: 12.50%	Yates Petroleum Corporation	100.00%	Joseph J. Kelly	42.00%	
								J. Michael Kelly	6.00%	
								Collie Limited Partnership LP	6.00%	
								Mary Ann Twilly	6.00%	
								NMR, Inc.	20.00%	
								Genesis Limited Partnership	5.00%	
								Yates Petroleum Corporation	4.00%	
								Yates Drilling Company	4.00%	
								Abco Petroleum Corporation	2.00%	
								Myco Industries, Inc.	2.00%	
4	Township 10 South, Range 28 East Section 15: E/2	320.00	VA-2036	10/01/04	State of NM: 12.50%	Yates Petroleum Corporation	100.00%	Joseph J. Kelly	42.00%	
								J. Michael Kelly	6.00%	
								Collie Limited Partnership LP	6.00%	
								Mary Ann Twilly	6.00%	
								NMR, Inc.	20.00%	
								Genesis Limited Partnership	5.00%	
								Yates Petroleum Corporation	4.00%	
								Yates Drilling Company	4.00%	
								Abco Petroleum Corporation	2.00%	
								Myco Industries, Inc.	2.00%	

Exhibit B
Dice State Unit Area
Chaves County
New Mexico

All depths below the top of the San Andres Formation

Tract No.	Description of Land	No. of Acres	Lease Serial No.	Lease Expiration Date	Basic Royalty and Ownership Percentage	Lessees of Record	Overriding Royalty and Percentage	Working Interest Owner and Percentage	Interest Burden By ORRI																																						
5	Township 10 South, Range 28 East Section 14: E/2	320.00	VA-2028	09/01/04	State of NM: 12.50%	Yates Petroleum Corporation	100.00%	Joseph J. Kelly J. Michael Kelly Collie Limited Partnership LP Mary Ann Twilly NMR, Inc. Genesis Limited Partnership	.004% .004% .004% .0025% .0025%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. Eik Oil Company NMR, Inc. Elliott Industries Limited Partnership Elliott-Hall Company Limited Partnership SLR Oil & Gas Investments, LLC Genesis Limited Partnership	42.00% 6.00% 6.00% 6.00% 20.00% 5.00% 4.00% 2.00% 5.00%																																				
												6	Township 10 South, Range 28 East Section 14: E/2	320.00	VA-2029	09/01/04	State of NM: 12.50%	Yates Petroleum Corporation	100.00%	Joseph J. Kelly J. Michael Kelly Collie Limited Partnership LP Mary Ann Twilly NMR, Inc. Genesis Limited Partnership	.004% .004% .004% .0025% .0025%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. Eik Oil Company NMR, Inc. Elliott Industries Limited Partnership Elliott-Hall Company Limited Partnership SLR Oil & Gas Investments, LLC Genesis Limited Partnership	42.00% 6.00% 6.00% 6.00% 20.00% 5.00% 4.00% 2.00% 5.00%																								
																								7	Township 10 South, Range 28 East Section 22: W/2	320.00	VA-2062	11/01/04	State of NM: 12.50%	Yates Petroleum Corporation	100.00%	Joseph J. Kelly J. Michael Kelly Collie Limited Partnership LP Mary Ann Twilly NMR, Inc. Genesis Limited Partnership	.004% .004% .004% .0025% .0025%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. Eik Oil Company NMR, Inc. Elliott Industries Limited Partnership Elliott-Hall Company Limited Partnership SLR Oil & Gas Investments, LLC Genesis Limited Partnership	42.00% 6.00% 6.00% 6.00% 20.00% 5.00% 4.00% 2.00% 5.00%												
																																				8	Township 10 South, Range 28 East Section 22: E/2	320.00	VA-2073	11/01/04	State of NM: 12.50%	Yates Petroleum Corporation	100.00%	Joseph J. Kelly J. Michael Kelly Collie Limited Partnership LP Mary Ann Twilly NMR, Inc. Genesis Limited Partnership	.75% .75% .75% .50% .50%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. Eik Oil Company NMR, Inc. Elliott Industries Limited Partnership Elliott-Hall Company Limited Partnership SLR Oil & Gas Investments, LLC Genesis Limited Partnership	42.00% 6.00% 6.00% 6.00% 20.00% 5.00% 4.00% 2.00% 5.00%

Exhibit B
Dice State Unit Area
Chaves County
New Mexico

All depths below the top of the San Andres Formation

Tract No.	Description of Land	No. of Acres	Lease Serial No.	Lease Expiration Date	Basic Royalty and Ownership Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest Owner and Percentage	Interest Burdened By ORRI
9	Township 10 South, Range 28 East Section 23: N/2, SW/4, N/2SE/4, SE/4SE/4	600.00	VA-2021	09/01/04	State of NM: 12.50%	Yates Petroleum Corporation	Joseph J. Kelly J. Michael Kelly Collie Limited Partnership LP Mary Ann Twilly NMR, Inc. Genesis Limited Partnership	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycro Industries, Inc. Eik Oil Company NMR, Inc.	42.00% 6.00% 6.00% 6.00% 20.00% 5.00% 4.00%
10	Township 10 South, Range 28 East Section 23: SW/4SE/4 <i>All formations below the top of the San Andres Formation</i>	40.00	E-8645	HBP	State of NM: 12.50%	Eik Oil Company	Eik Oil Company	Eik Oil Company	100.00%
11	Township 10 South, Range 28 East Section 27: NW/4NE/4, N/2NW/4, W/2SW/4, SE/4SW/4, SE/4	400.00	V0-6116	02/01/06	State of NM: 16.67%	Yates Petroleum Corporation	Eik Oil Company NMR, Inc. Genesis Limited Partnership	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycro Industries, Inc. Eik Oil Company NMR, Inc. Elliott Industries Limited Partnership Elliott-Hall Company Limited Partnership Genesis Limited Partnership Cammeran Petroleum, Inc. CCR, LLC	49.00% 7.00% 7.00% 7.00% 7.00% 3.00% 3.00% 3.00% 3.75% 3.75% 0.75% 0.75%
12	Township 10 South, Range 28 East Section 27: NE/4NE/4, S/2N/2, NE/4SW/4	240.00	VA-2074	11/01/04	State of NM: 12.50%	Yates Petroleum Corporation	Joseph J. Kelly J. Michael Kelly Collie Limited Partnership LP Mary Ann Twilly NMR, Inc. Genesis Limited Partnership	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycro Industries, Inc. Eik Oil Company NMR, Inc. Elliott Industries Limited Partnership Elliott-Hall Company Limited Partnership SLR Oil & Gas Investments, LLC Genesis Limited Partnership	42.00% 6.00% 6.00% 6.00% 20.00% 5.00% 4.00% 4.00% 2.00% 5.00%

12 Tracts - State 3,840.00 acres or 100%



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PATRICK H. LYONS
COMMISSIONER

June 28, 2005

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JUN 29 2005

OIL CONSERVATION
DIVISION

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

Attn: Mr. Chuck Moran

Re: 2005 Plan of Development
Dice State Unit
Chaves County, New Mexico

Dear Mr. Moran:

The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by the Oil Conservation Division. 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.

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

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 • Santa Fe Community College • University of New Mexico • UNM Salinas Landing • Water Resources • Western New Mexico University

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APR 27 2005

OIL CONSERVATION
DIVISION



PATRICK H. LYONS
COMMISSIONER

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Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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April 26, 2005

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

Attn: Mr. Chuck Moran

Re: Dice State Unit Well No. 2
SW/4SW/4 Sec. 15-10S-26E
Commercial Well Determination
Chaves County, New Mexico

Dear Mr. Moran:

We received your letter of April 20, 2005 together with data that supports your commercial determination regarding the Dice State Unit Well No. 2.

The Commissioner of Public Lands concurs with Yates Petroleum Corporation's determination that the above-mentioned well is a commercial well in the Wolfcamp formation.

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 cursive script, appearing to read "Jami Bailey".

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

pc: Reader File,
OCD-Attention: Mr. Roy Johnson