



12831

PATRICK H. LYONS  
COMMISSIONER

2007 MAR 30 PM 12 26

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

March 27, 2007

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

Attention: Mr. Robert Bullock

Re: Voluntary Termination  
New Grass State Unit  
Chaves County, New Mexico

Dear Mr. Bullock:

Your letter of March 23, 2007 has been received by this office. Your letter requests the voluntary termination of the New Grass State Unit Agreement. Enclosed with your letter of March 23, 2007 are ratifications of over 75% of the working interest owners requesting the unit termination.


Pursuant to Article 17 of the Unit Agreement, please be advised that this office has terminated the New Grass State Unit Agreement effective March 27, 2007.

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:   
JAMI BAILEY, Director  
Oil, Gas & Minerals Division  
PL/JB/pm

pc: Reader File, Commissioner's File  
NMOED Attention: Mr. David Catanach  
TRD-Attention: Mr. Valdean Severson  
RMD-Attn: Mr. Kurt McFall

-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 •

EXPLORATORY

UNIT NAME: NEW GRASS 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 03/28/2002	CASE NO. 12831 ORDER NO. R-11746	3200.00	3200.00	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--03-28-2002  
OCD--03-28-2002

TOWNSHIP 15 SOUTH, RANGE 34 EAST

SECTION 9: S/2  
SECTION 15: ALL  
SECTION 16: ALL  
SECTION 21: N/2  
SECTION 22: N/2  
SECTION 23: ALL  
SECTION 24: N/2

**TERMINATED**  
**EFFECTIVE DATE 3/27/07**  
**APPROVAL DATE 3/27/07**

EXHIBIT "A"

<p>Yates Pet. et al 7-1-2003 VA-1587 76 55</p> <p>16</p> <p>State</p>	<p>Yates Pet. et al 7-1-2003 VA-1791 15 33</p> <p>State</p>	<p>Yates Pet. et al 6-1-2005 VA-5841 84 38</p> <p>State</p>	<p>Yates Pet. et al 7-1-2003 VA-1790 16 27</p> <p>State</p>	<p>Yates Pet. et al 7-1-2003 VA-1779 26 53</p> <p>State</p>	<p>Yates Pet. et al 4-1-2002 VA-1586 87 52</p> <p>State</p>	<p>Yates Pet. et al 6-1-2005 VA-5842 81 38</p> <p>State</p>	<p>Yates Pet. et al 7-1-2003 VA-529 26 35</p> <p>State</p>	<p>Yates Pet. et al 11-1-2003 VA-1858 15 63</p> <p>State</p>	<p>Yates Pet. et al 11-1-2003 VA-1859 31 97</p> <p>State</p>	<p>Yates Pet. et al 6-1-2005 VA-5843 1103 18 HBP</p> <p>State</p>
<p>Yates Pet. et al 10-2-2003 VA-6100 260 11</p> <p>28</p> <p>State</p>	<p>Yates Pet. et al 10-2-2003 VA-6100 260 11</p> <p>28</p> <p>State</p>	<p>Yates Pet. et al 10-2-2003 VA-6100 260 11</p> <p>28</p> <p>State</p>	<p>Yates Pet. et al 10-2-2003 VA-6100 260 11</p> <p>28</p> <p>State</p>	<p>Yates Pet. et al 10-2-2003 VA-6100 260 11</p> <p>28</p> <p>State</p>	<p>Yates Pet. et al 10-2-2003 VA-6100 260 11</p> <p>28</p> <p>State</p>	<p>Yates Pet. et al 10-2-2003 VA-6100 260 11</p> <p>28</p> <p>State</p>	<p>Yates Pet. et al 10-2-2003 VA-6100 260 11</p> <p>28</p> <p>State</p>	<p>Yates Pet. et al 10-2-2003 VA-6100 260 11</p> <p>28</p> <p>State</p>	<p>Yates Pet. et al 10-2-2003 VA-6100 260 11</p> <p>28</p> <p>State</p>	<p>Yates Pet. et al 10-2-2003 VA-6100 260 11</p> <p>28</p> <p>State</p>
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GRASSLAND

BIG BEAR A.M.I.

TOWNSEND UNIT  
BASS ENT. (OPER)

B

BEAR

3

EXHIBIT "B"

New Grass State Unit  
Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1	I15S-R34E Section 16: All <i>C.S.</i>	640.00	VA-1587 ✓ 4/1/02	State of New Mexico	Yates Petroleum Corporation <i>FIC</i>	None <i>3-1-02</i>	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. David Petroleum Corporation McMillan Production Company McMillan Ventures, LLC Permian Exploration Corporation Keith E. McKamey William B. Owen Edward N. David Michael A. McMillan <i>3-1-02</i> <i>3-1-02</i> <i>3-1-02</i> <i>3-1-02</i> <i>3-12-02</i> <i>3-15-02</i> <i>3-15-02</i> <i>3-12-02</i> <i>3-12-02</i> <i>3-12-02</i> <i>3-12-02</i>
2	I15S-R34E Section 9: S2 <i>C.S.</i>	320.00	VA-1586 ✓ 4/1/02	State of New Mexico	Yates Petroleum Corporation <i>FIC</i>	None <i>3-1-02</i>	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. David Petroleum Corporation McMillan Production Company McMillan Ventures, LLC Permian Exploration Corporation Keith E. McKamey William B. Owen Edward N. David Michael A. McMillan <i>3-1-02</i>
3	I15S-R34E Section 15: NE4, W2SE4, SE4SE4 <i>C.S.</i>	280.00	VA-1790 ✓ 7/1/03	State of New Mexico	Yates Petroleum Corporation <i>FIC</i>	None <i>3-1-02</i>	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. David Petroleum Corporation McMillan Production Company McMillan Ventures, LLC Permian Exploration Corporation Keith E. McKamey William B. Owen Edward N. David Michael A. McMillan <i>3-1-02</i>

EXHIBIT "B"

New Grass State Unit  
Lea County, New Mexico

115S-R34E  
Section 21: N2

320.00

VA-1791  
7/1/03

State of New Mexico Yates Petroleum Corporation

None

43.400000% Yates Petroleum Corporation  
6.200000% Yates Drilling Company  
6.200000% Abo Petroleum Corporation  
6.200000% Myco Industries, Inc.  
16.112586% David Petroleum Corporation  
6.040790% McMillan Production Company  
7.600008% McMillan Ventures, LLC  
6.820742% Permian Exploration Corporation  
0.178220% Keith E. McKamey  
0.178220% William B. Owen  
0.356478% Edward N. David  
0.712956% Michael A. McMillan

*CS*

*f.l.c*

*2-10-02*

115S-R34E  
Section 22: NE4

160.00

VA-5329  
7/1/03

State of New Mexico Yates Petroleum Corporation

None

43.400000% Yates Petroleum Corporation  
6.200000% Yates Drilling Company  
6.200000% Abo Petroleum Corporation  
6.200000% Myco Industries, Inc.  
16.112586% David Petroleum Corporation  
6.040790% McMillan Production Company  
7.600008% McMillan Ventures, LLC  
6.820742% Permian Exploration Corporation  
0.178220% Keith E. McKamey  
0.178220% William B. Owen  
0.356478% Edward N. David  
0.712956% Michael A. McMillan

*2-10-02*

*f.l.c*

115S-R34E  
Section 15: NE4SE4

40.00

VA-1779  
7/1/03

State of New Mexico Yates Petroleum Corporation

None

43.400000% Yates Petroleum Corporation  
6.200000% Yates Drilling Company  
6.200000% Abo Petroleum Corporation  
6.200000% Myco Industries, Inc.  
16.112586% David Petroleum Corporation  
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0.178220% William B. Owen  
0.356478% Edward N. David  
0.712956% Michael A. McMillan

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*f.l.c*

EXHIBIT "B"

New Grass State Unit  
Lea County, New Mexico

Yates Petroleum Corporation  
Yates Drilling Company  
Abo Petroleum Corporation  
Myco Industries, Inc.  
David Petroleum Corporation  
McMillan Production Company  
McMillan Ventures, LLC  
Permian Exploration Corporation  
Keith E. McKamey  
William B. Owen  
Edward N. David  
Michael A. McMillan

None

State of New Mexico Yates Petroleum Corporation

VA-1858  
11/1/03

320.00

T15S-R34E  
Section 23: E/2

7

43.4000000%  
6.2000000%  
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16.112586%  
6.040790%  
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6.820742%  
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0.356478%  
0.712956%

None

State of New Mexico Yates Petroleum Corporation

VA-1858  
11/1/03

320.00

T15S-R34E  
Section 23: W2

8

Yates Petroleum Corporation  
Yates Drilling Company  
Abo Petroleum Corporation  
Myco Industries, Inc.  
David Petroleum Corporation  
McMillan Production Company  
McMillan Ventures, LLC  
Permian Exploration Corporation  
Keith E. McKamey  
William B. Owen  
Edward N. David  
Michael A. McMillan

43.4000000%  
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6.040790%  
7.6000008%  
6.820742%  
0.178220%  
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0.356478%  
0.712956%

None

State of New Mexico Yates Petroleum Corporation

VO-5841  
6/1/05

320.00

T15S-R34E  
Section 15: W2

9

Yates Petroleum Corporation  
Yates Drilling Company  
Abo Petroleum Corporation  
Myco Industries, Inc.  
David Petroleum Corporation  
McMillan Production Company  
McMillan Ventures, LLC  
Permian Exploration Corporation  
Keith E. McKamey  
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Edward N. David  
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EXHIBIT "B"

New Grass State Unit  
Lea County, New Mexico

T15S-R34E  
Section 22: NWA

160.00

VO-5842  
6/1/05

State of New Mexico Yates Petroleum Corporation

None

Yates Petroleum Corporation  
Yates Drilling Company  
Abo Petroleum Corporation  
Myco Industries, Inc.  
David Petroleum Corporation  
McMillan Production Company  
McMillan Ventures, LLC  
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43.4000000%  
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0.356478%  
0.712956%

T15S-R34E  
Section 24: N2

320.00

VO-5843 ✓  
6/1/05

State of New Mexico Yates Petroleum Corporation

None

Yates Petroleum Corporation  
Yates Drilling Company  
Abo Petroleum Corporation  
Myco Industries, Inc.  
David Petroleum Corporation  
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6.820742%  
0.178220%  
0.178220%  
0.356478%  
0.712956%

Total Unit Acres 3200

State Lands 100%

HMSU

FIC

FIC