



13915

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, 2007

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

Attention: Mr. W. "Lucky" Briggs

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

Dear Mr. Briggs:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Pigskin State Exploratory Unit area, Chaves County, New Mexico. This agreement meets 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.

2007 MAY 10 PM 1:00

-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

Yates Petroleum Corporation
May 8, 2007
Page 2

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.
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 and any subsequent well.
8. Please submit a filing fee in the amount of \$60.00.

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
PL/JB/pm

cc: OCD-Santa Fe, Attention: Mr. David Catanach
William F. Carr



RECEIVED

2007 JUN 25 PM 12 24

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

June 20, 2007

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

Attn: Mr. W. "Lucky" Briggs

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

Dear Mr. Briggs:

This office is in receipt of your letter of June 13, 2007 requesting final approval of the Pigskin 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 Pigskin State Exploratory Unit Agreement. The effective date of your agreement is June 20, 2007.

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

Enclosed are (5) Certificates of Approval.

Your \$60.00 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
PL/JB/pm

pc: Reader File,
OCD-Santa Fe, Attn: Mr. David Catanach
TRD-Attn: 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 • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

RECEIVED

2007 JUN 25 PM 12 24

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

| DATE APPROVED | OCD CASE NO. OCD ORDER NO. | TOTAL ACREAGE | STATE | FEDERAL | INDIAN FEE | SEGREGATION CLAUSE | TERM |
|------------------------|-------------------------------------|------------------|-------|---------|---------------|-----------------------|-------------------------|
| EFFECTIVE 6/20/2007 | CASE NO. 13915 ORDER NO. R-12756 | 1280 | 1280 | 0 | 0 | STRICT | 5 YEARS & SO LONG AS |

APPROVALS

SLO-6/20/2007
OCD-5/18/2007

TOWNSHIP 12 SOUTH, RANGE 26 EAST

SECTION 13: ALL
SECTION 14: ALL