

State of New Mexico

#9652



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

November 13, 1990

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attn: Ms. Janet Richardson

Re: West of Eden Unit Termination
Recap of State Leases Expired and
those Held By Production.

Dear Ms Richardson:

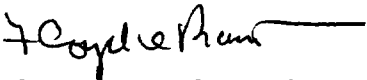
The West of Eden Unit was Terminated effective June 27, 1990 and listed below is the status of the state leases affected.

<u>Lease #</u>	<u>Acres</u>	<u>Expiration Date</u>	<u>Status</u>
LG-6673	1281.16	6-1-89	EXPIRED
LG-6676	1000.00	6-1-89	EXPIRED
LG-6677	1120.00	6-1-89	HBP by West of Eden Unit #1 Well
LG-6680	1120.00	6-1-89	EXPIRED
LG-6681	1280.00	6-1-89	EXPIRED
LG-6683	1280.00	6-1-89	HBP by Rambler AGO State #1 Well.
LG-6689	1279.56	6-1-89	639.56 acres EXPIRED 640.00 acres in Middle Creek Unit Held By Production.
V-2967	120.00	5-1-94	VALID

If you have any question please contact Clyde Langdale at (505)
827-5791.

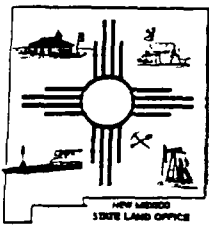
Sincerely,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

By: 
Floyd O. Prando, Director
Oil, Gas & Minerals Division

WRH/FOP/CL/dm

cc: Taxation & Revenue, Oil & Gas Accounting Division
Oil Conservation Division
Bureau of Land Management - Jerry Dutchover



State of New Mexico
Commissioner of Public Lands

W. R. Humphries
COMMISSIONER

April 30, 1990

Advisory Board

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Vice Chairman
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Joe Kelly
Robert Portillos
Nancy Lynch Vigil
Rex Wilson

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

ATTN: Ms. Janet Richardson

RE: West of Eden Unit
1990 Plan of Development

Gentlemen:

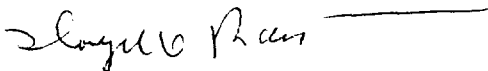
The Commissioner of Public Lands has this date approved the 1990 Plan of Development for the West of Eden Unit. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development of the Unit may exist. You will be contacted at a later date regarding these possibilities.

Enclosed is an approved copy of the 1990 Plan of Development for your files. If we may be of further help, please do not hesitate to contact this office at (505) 827-5746.

Very truly yours,

W.R. HUMPHRIES,
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD Q. PRANDO, Director
Oil and Gas Division
(505) 827-5746

cc: OCD - Santa Fe, New Mexico
BLM
Unit Correspondence File
Unit P.O.D. File

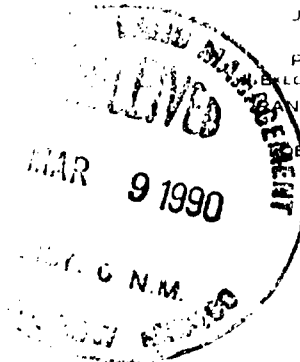
WRH/FOP/SMH

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
ANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER



March 7, 1990

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Bureau of Land Management
P.O. Box 1397
Roswell, New Mexico 88201

Attention: Mr. Floyd O. Prando

Re: West of Eden Unit
Plan of Development 1990
Chaves County, New Mexico

Gentlemen:

Yates Petroleum Corporation, as Unit Operator of the West of Eden Unit hereby submits, in triplicate, for your approval our 1990 Plan of Development.

Summary of Operations

The West of Eden Unit #1 Well, located 660' FSI and 1980' FWL of Section 14, T7S-R23E, was drilled to a total depth of 3413'. The Abo formation was perforated from 2998'-3017'. The well was completed on June 27, 1989 as a producer. Calculated initial production was 166 MCFPD. This well is currently shut in waiting on pipeline connection.

Enclosed, in triplicate, are plats for the unit and each well thereon.

Plan of Development 1990

Yates Petroleum Corporation is evaluating the unit area for location of the second unit well which we hope to drill during the third quarter of 1990.

We respectfully request your approval of this 1990 Plan of Development.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Janet Richardson
Janet Richardson
Landman

JR:blf
Enclosures

Plan of Development
APPROVED

APR 20 1990

Joe J. Lara
Joe J. Lara
DISTRICT MANAGER
BUREAU OF LAND MANAGEMENT

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies
 DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-105
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

WELL API NO.
 30-005-62696

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 LG 6677

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:
 OIL WELL GAS WELL DRY OTHER _____

b. Type of Completion:
 NEW WELL WORK OVER DEEPEN PLUG BACK DIFF RESVR OTHER _____

2. Name of Operator
 YATES PETROLEUM CORPORATION

3. Address of Operator
 105 South 4th St., Artesia, NM 88210

7. Lease Name or Unit Agreement Name
 West of Eden Unit

8. Well No.
 1

9. Pool name or Wildcat
 West Pecos Slope Abo

4. Well Location
 Unit Letter N : 660 Feet From The South Line and 1980 Feet From The West Line

Section 14 Township 7S Range 23E NMPM Chaves County

10. Date Spudded 5-30-89
 11. Date T.D. Reached 6-6-89
 12. Date Compl. (Ready to Prod.) 6-27-89
 13. Elevations (DF & RKB, RT, GR, etc.) 3867.5' GR
 14. Elev. Casinghead

15. Total Depth 3413'
 16. Plug Back T.D. 3134'
 17. If Multiple Compl. How Many Zones?
 18. Intervals Drilled By Rotary Tools Cable Tools
 X

19. Producing Interval(s), of this completion - Top, Bottom, Name
 2998-3017' Abo

20. Was Directional Survey Made
 No

21. Type Electric and Other Logs Run
 CNL/LDT; DLL

22. Was Well Cored
 No

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
20"		40'	26"	Redi-Mix	
8-5/8"	24#	1028'	12 1/2"	1025 sx	
4 1/2"	9.5#	3413'	7-7/8"	400 sx	

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2-3/8"	2940'	2940'

26. Perforation record (interval, size, and number)
 2998-3017' w/10 - .40" Holes

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.
 DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED
 2998-3017' w/1000g 7 1/2% HCL acid.
 SF w/2000g. 30# gel KCL wtr.
 35000# 20/40 sd.

28. PRODUCTION

Date First Production 6-26-89
 Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing
 Well Status (Prod. or Shut-in) SIWOPLC

Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
6-26-89	14	3/16"		-	97	8	-

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (Corr.)
200	Pkr		-	166	15	-

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
 Vented - Will be sold

Test Witnessed By
 Bill Hansen

30. List Attachments
 Deviation Survey, Logs

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Juanita Goodlett Printed Name Juanita Goodlett Title Production Supvr Date 7-24-89

Unit Name WEST OF EDEN UNIT
 Operator YATES PETROLEUM CORPORATION
 County CHAVES COUNTY

TERMINATED

note Two (2) exceptions 5/2/10

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
MAY 23, 1989	CASE NO.: 9652	MAY 30, 1989	8320.72	7200.72	800.00	320.00	Modified	5, so long as
APPROVED	OCC ORDER NO.							
	ORDER NO.: R-8923							

UNIT AREA

T-7-S, R-23-E

Tracts 2 and 12 are not committed:
 Tract 2: 160.00 Acres (Federal)
 Tract 12: 80.00 Acres (Fee)

- Section 1: All
- Section 2: All
- Section 11: NW/4, E/2 — exp, 5/1/94
- Section 12: All
- Section 13: All
- Section 14: SW/4, E/2
- Section 23: All
- Section 24: All
- Section 25: All
- Section 26: All
- Section 35: All
- Section 36: All

Held by west of Eden Unit #1, SI since 6/27/89

T-8-S, R-23-E

- Section 1: N/2
- Section 2: All

Tract # Land Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
1. T7S-R23E Sec. 35: All	640.00	NM-18209 HBP	USA - 12.5%	Yates Petroleum Corporation -40% Yates Drilling Company -20 Abo Petroleum Corporation -20 Mycos Industries, Inc. -20	Mildred Unruh- 5%	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Mycos Industries, Inc. - 20
2. T7S-R23E Sec. 23: E1NE Sec. 24: W1NW	160.00	NM-36699 2-28-90	USA - 12.5%	Mesa Limited Partnership		Mesa Limited Partnership -77.5% Texaco, USA -12.5 Bechtel Partners, Ltd. -10.0

Total Federal Lands = 800.00 acres

3. T7S-R23E Sec. 1: Lots 1,2, 3,4, S1N1, S1 Sec. 2: Lots 1,2, 3,4, S1N1, S1	1281.16	LG-6673 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
4. T7S-R23E Sec. 11: S1NE, NW, N1SE, SWSE Sec. 12: All	1000.00	LG-6676 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10

***Not Committed

BENEFICIARY

REPORT TO DEPARTMENTS

Tract #	Land Description	No of Acres	Serial No. & Exp. Date	Basic Royalty % Ownership	Lessee of Record	Overriding Royalty	Working Interest Owner
5. T7S-R23E		1120.00	LG-6677	State of NM	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20% Abo Petroleum Corporation - 20% Estate of Martin Yates, III - 10% Lillie M. Yates - 10%
Sec. 13:	All		6-1-89	12.5%			
Sec. 14:	NE1, S1						
			<i>Held by West of Eden Unit #1 since 6/27/89</i>				
6. T7S-R23E		1120.00	LG-6680	State of NM	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20% Abo Petroleum Corporation - 20% Estate of Martin Yates, III - 10% Lillie M. Yates - 10%
Sec. 23:	W1NE, N1, S1		6-1-89	12.5%			
Sec. 24:	NE1, E1NW, S1						
7. T7S-R23E		1280.00	LG-6681	State of NM	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20% Abo Petroleum Corporation - 20% Estate of Martin Yates, III - 10% Lillie M. Yates - 10%
Sec. 25:	All		6-1-89	12.5%			
Sec. 26:	All						
8. T7S-R23E		640.00	LG-6683	State of NM	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20% Abo Petroleum Corporation - 20% Estate of Martin Yates, III - 10% Lillie M. Yates - 10%
Sec. 36:	All		6-1-89	12.5%			

WEST OF EDEN UNIT
REPORT TO DEPARTMENTS

BENEFICIARY

Tract #	Land Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
9. T85-R23E	Sec. 2: Lots 1,2,3, 4, S1N1, S1	639.56	LG-6689 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
10. T7S-R23E	Sec. 11: N1N1, S1S1	120.00	V-2967 5-1-94	State of NM 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 70% Yates Drilling Company - 10 Abo Petroleum Corporation - 10 Mycro Industries, Inc. - 10

Note: This lease also has 640.00 acres held in the Middle Creek State Unit, Section 36-85-23E

Total State Lands = 7,200.72 acres

U. T85-R23E	Sec. 1: Lots 1,2,3, 4, S1N1	240.00	Fee 10-25-92	Herbert Corn 18.75%	Yates Petroleum Corporation -40%	Yates Drilling Company - 20	Yates Petroleum Corporation - 40%
U. T85-R23E	Sec. 1: Lots 1,2,3, 4	80.00	Unleased Fee		Abo Petroleum Corporation -20	Mycro Industries, Inc. -20	Abo Petroleum Corporation - 20
Total Fee Lands = 320.00 acres							

RECAPITULATION

Federal Lands	800.00 acres	9.614553%
State Lands	7200.72 acres	86.539626%
Fee Lands	320.00 acres	3.845821%
TOTAL	8320.72	100.000000%

*** Not Committed

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986

RECEIVED
OIL CONSERVATION DIVISION
90 MAR 15 AM 8 48



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

#9652

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

March 14, 1990

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Attention: Mr. William Lemay

Re: East Wind State Unit
Township 9 South, Range 27 East
Chaves County, New Mexico

Gentlemen:

Enclosed please find a revised copy of Exhibit "A" to the Operating Agreement for the East Wind State Unit.

Please insert this copy into the Operating Agreement in place of the present Exhibit "A".

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowan
Associate Landman

CC/bp

Enclosure

PARAGRAPH II OF EXHIBIT A
TO OPERATING AGREEMENT

	UNIT ACRES	UNIT PERCENT	INITIAL TEST WELL PARTICIPATING ACRES	INITIAL TEST WELL PARTICIPATING PERCENT	INITIAL TEST WELL BEFORE PAYOUT	INITIAL TEST WELL AFTER PAYOUT	SUBSEQUENT UNIT WELLS
Yates Petroleum Corporation	640.00	12.698413	640.00	13.114754	26.229508	22.950820	28.196721
Yates Drilling Company	640.00	12.698413	640.00	13.114754	13.114754	13.114754	13.934426
Abo Petroleum Corporation	640.00	12.698413	640.00	13.114754	13.114754	13.114754	13.934426
Mycro Industries, Inc.	640.00	12.698412	640.00	13.114754	13.114754	13.114754	13.934426
Samedan Oil Corporation	800.00	15.873016	800.00	16.393443	16.393443	16.393443	16.393443
Mesa Limited Partnership	640.00	12.698413	640.00	13.114754	Farmout	3.278688	-0-
Carl A. Schellinger	216.00	4.285715	216.00	4.426229	4.426229	4.426229	-0-
David J. Sorenson	160.00	3.174603	160.00	3.278689	3.278689	3.278689	3.278689
Daniel W. Vare1	168.00	3.333333	168.00	3.442623	3.442623	3.442623	3.442623
Barbara Vare1	168.00	3.333333	168.00	3.442623	3.442623	3.442623	3.442623
George R. Reddy*	56.00	1.111111	56.00	1.147541	1.147541	1.147541	-0-
R. Paul Creson	56.00	1.111111	56.00	1.147541	1.147541	1.147541	1.147541
George L. Scott, Jr.	56.00	1.111111	56.00	1.147541	1.147541	1.147541	1.147541

NOT SUBJECT TO UNIT:

Sun Exploration & Production

Company	160.00	3.174603	4880.00	100.000000	100.000000	100.000000	100.000000%
	5040.00	100.000000					

*Effective First Production - East Wind Unit #1

George R. Reddy	0.631147	0.631147
Alfred Deschamps	0.258197	0.258197
Paul Beaver	0.258197	0.258197
		<u>100.000000%</u>

Revised 11/19/87
5/25/88
7/ 8/88
10/10/89
3/13/90

#9652

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

December 5, 1989

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

ATTN: Mr. Cy Cowan

RE: ~~West of Eden Unit~~
Drilling Extension

Gentlemen:

We received your letter dated December 1, 1989 in which you request a six month extension within which to commence drilling the second test well on the West of Eden Unit. According to our records, the West of Eden No. 1 well was completed on June 27, 1989 and drilling of the second test well is to commence on or before December 27, 1989.

Please be advised that the Commissioner of Public Lands has this date granted Yates Petroleum Corporation a six month extension within which to commence drilling the second test well on the West of Eden Unit. This one time only extension will expire on June 27, 1990.

If you have any questions, please call Susan Howarth at (505) 827-5791.

Very truly yours,

W.R. HUMPHRIES,
COMMISSIONER OF PUBLIC LANDS

BY:

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

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PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

June 21, 1989

Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. William LeMay

Re: West of Eden Unit
Chaves County, New Mexico


Gentlemen:

Enclosed for your files is a copy of the recorded Unit Agreement with Certificates of Approval attached, covering the captioned unit.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION


Kathy H. Colbert
Landman

KHC:blf

Enclosures

RECEIVED

JUN 23 1989

OIL CONSERVATION DIV.
SANTA FE



NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

West of Eden Unit

Chaves County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated March 27, 1989, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the 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 area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and, further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions and requirements of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 23rd day of May, 1989.

W.R. Humphreys

 COMMISSIONER OF PUBLIC LANDS
 of the State of New Mexico

CERTIFICATION--DETERMINATION

BOOK 58 PAGE 471

Pursuant to the authority vested in the Secretary of the Interior, the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C., secs. 181, et seq., and delegated to the District Manager, Bureau of Land Management, I do hereby:

- A. Approve the attached agreement for the development and operation of the West of Eden unit area, State of New Mexico.

- B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

- C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

(ORIG. SGD.) ARMANDO A. LOPEZ

FOR

ADM, Minerals
Bureau of Land Management

May 30, 1989
Date

NMNM 72650
Contract No.

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
WEST OF EDEN UNIT AREA
COUNTY OF CHAVES
STATE OF NEW MEXICO
NO.

THIS AGREEMENT, entered into as of the 27th day of March 19 89, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty, or other oil and gas interests in the unit area subject to this agreement; and

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Statute 437, as amended 30 U.S.C. Section 181 et. seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating a unit plan of development or operations of any oil and gas pool, field, or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Section 19-10-45, 46, 47 NM Statutes 1978 Annotated) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interest of the State of New Mexico; and

WHEREAS, the Oil Conservation Division of the New Mexico Energy and Minerals Department, hereinafter referred to as "Division", is authorized by an act of the Legislature (Chapter 70 and 71, NM Statutes 1978 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the WEST OF EDEN Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions, and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below-defined unit area, and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA. The following described land is hereby designated and recognized as constituting the unit area:

Township 7 South , Range 23 East , N.M.P.M.
 Sec. 1 : All
 Sec 2 : All
 Sec. 11: NW/4, E/2
 Sec. 12: All
 Sec. 13: All
 Sec. 14: SW/4,E/2
 Sec. 23: All
 Sec. 24: All
 Sec. 25: All
 Sec. 26: All
 Sec. 35: All
 Sec. 36: All
Township 8 South, Range 23 East, NMPM
 Sec. 1: N/2
 Sec. 2: All

Containing 8320.72 acres, more or less.

Exhibit "A" shows, in addition to the boundary of the unit area, the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator, the acreage, percentage, and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in Exhibits "A" and "B" shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in the Exhibits as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area or in the ownership interests in the individual tracts render such revision necessary, or when requested by the Authorized officer, hereinafter referred to as "AO", or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Land Commissioner", and not less than four (4) copies of the revised Exhibits shall be filed with the proper Bureau of Land Management office, and one (1) copy thereof shall be filed with the Land Commissioner, and one (1) copy with the New Mexico Oil Conservation Division of the Energy and Minerals Department, hereinafter referred to as "Division".

The above-described unit area shall, when practicable, be expanded to include therein any additional lands or shall be contracted to exclude lands whenever such expansion or contraction is deemed to be necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion (after preliminary concurrence by the AO), or on demand of the AO, or the Land Commissioner (after preliminary concurrence by the AO and the Land Commissioner) shall prepare a Notice of Proposed Expansion or Contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefore, any plans for additional drilling, and the proposed effective date of the expansion or contraction, preferably the first day of a month subsequent to the date of notice.

(b) Said notice shall be delivered to the proper Bureau of Land Management office, the Land Commissioner and the Division, and copies thereof mailed to the last known address of each working interest owner, lessee and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the AO, the Land Commissioner and the Division, evidence of mailing of the Notice of Expansion or Contraction and a copy of any objections thereto which have been filed with Unit Operator, together with an application in triplicate, for approval of such expansion or contraction and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the AO, the Land Commissioner and the Division, become effective as of the date prescribed in the notice thereof or such other appropriate date.

(e) Notwithstanding any prior elimination under the "Drilling to Discovery" section, all legal subdivisions of lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent; in instances of irregular surveys, unusually large lots or tracts shall be considered in multiples of 40 acres or the nearest aliquot equivalent thereof), no parts of which are entitled to be in a participating area on or before the fifth anniversary of the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of said fifth anniversary, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless diligent drilling operations are in progress on unitized lands not entitled to participation on said fifth anniversary, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than ninety (90) days' time elapsing between the completion of one such well and the commencement of the next such well. All legal subdivisions of lands not entitled to be in a participating area within ten (10) years after the effective date of the first initial participating area approved under this agreement shall be automatically eliminated from this agreement as of said tenth anniversary. The Unit Operator shall, within ninety (90) days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the AO and Land Commissioner and promptly notify all parties in interest. All lands reasonably proved productive of unitized substances in paying quantities by diligent drilling operations after the aforesaid 5-year period shall become participating in the same manner as during said first 5-year period. However, when such diligent drilling operations cease, all non-participating lands not then entitled to be in a participating area shall be automatically eliminated effective as of the 91st day thereafter.

Any expansion of the unit area pursuant to this section which embraces lands theretofore eliminated pursuant to this Subsection 2(e) shall not be considered automatic commitment or recommitment of such lands. If conditions warrant extension of the 10-year period specified in this subsection, a single extension of not to exceed two (2) years may be accomplished by consent of the owners of 90% of the working interests in the current non-participating unitized lands and the owners of 60% of the basic royalty interests (exclusive of the basic royalty interests of the United States) in non-participating unitized lands with approval of the AO and the Land Commissioner provided such extension application is submitted not later than sixty (60) days prior to the expiration of said 10-year period.

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land now or hereafter committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

4. UNIT OPERATOR. hereby designated as Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest only when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and

terminate Unit Operator's rights as such for a period of six (6) months after notice of intention to resign has been served by Unit Operator on all working interest owners and the AO and the Land Commissioner and the Division, and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment, whichever is required by the AO as to Federal lands and the Division as to State and fee lands, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations as above provided at any time after a participating area established hereunder is in existence, but in all instances of resignation or removal, until a successor Unit Operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of Unit Operator, and shall not later than thirty (30) days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the AO and the Land Commissioner.

The resignation or removal of Unit Operator under this agreement shall not terminate its right, title, or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, materials, and appurtenances used in conducting the unit operations to the newly qualified successor Unit Operator or to the common agent, if no such new Unit Operator is selected, elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment, or appurtenances needed for the preservation of any wells.

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator is negotiated by the working interest owners, the owners of the working interests according to their respective acreage interests in all unitized land shall, pursuant to the approval of the parties requirements of the unit operating agreement, select a successor Unit Operator. Such selection shall not become effective until:

(a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and

(b) the selection shall have been approved by the AO and approved by the Land Commissioner.

If no successor Unit Operator is selected and qualified as herein provided, the AO and the Land Commissioner, at their election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement". Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit

Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between this agreement and the unit operating agreement, this agreement shall govern. Two copies of any unit operating agreement executed pursuant to this section shall be filed in the proper Bureau of Land Management office and one true copy with the Land Commissioner, and one true copy with the Division prior to approval of this unit agreement.

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

9. DRILLING TO DISCOVERY. Within six (6) months after the effective date hereof, the Unit Operator shall commence to drill an adequate test well at a location approved by the AO, if on Federal land, or by the Land Commissioner, if on State land, and by the Division if on Fee land, unless on such effective date a well is being drilled in conformity with the terms hereof, and thereafter continue such drilling diligently until the Abo formation.

has been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, completing, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the AO if on Federal land, or the Land Commissioner if on State land, or the Division if located on Fee land, that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 3500' feet. Until the discovery of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling one well at a time, allowing not more than six (6) months between the completion of one well and the commencement of drilling operations for the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the AO if it be on Federal land or of the Land Commissioner if on State land, or the Division if on Fee land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section.

The AO and Land Commissioner may modify any of the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Upon failure to commence any well as provided for in this section within the time allowed, prior to the establishment of a participating area, including any extension of time granted by the AO and the Land Commissioner, this agreement will automatically terminate. Upon failure to continue drilling diligently any well commenced hereunder, the AO and the Land Commissioner may, after fifteen (15) days' notice to the Unit Operator, declare this unit agreement terminated. The parties to this agreement may not initiate a request to voluntarily terminate this agreement during the first six (6) months of its term unless at least one obligation well has been drilled in accordance with the provisions of this section.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within six (6) months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the AO, the Land Commissioner and Division, an acceptable plan of development and

operation for the unitized land which, when approved by the AO, the Land Commissioner and Division, shall constitute the further drilling and development obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the AO, the Land Commissioner and Division a plan for an additional specified period for the development and operation of the unitized land. Subsequent plans should normally be filed on a calendar year basis not later than March 1 each year. Any proposed modification or addition to the existing plan should be filed as a supplement to the plan.

Any plan submitted pursuant to this section shall provide for the timely exploration of the unitized area, and for the diligent drilling necessary for determination of the area or areas capable of producing unitized substances in paying quantities in each and every productive formation. This plan shall be as complete and adequate as the AO, the Land Commissioner and Division may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall:

(a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and

(b) provide a summary of operations and production for the previous year.

Plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development and operation. The AO and the Land Commissioner are authorized to grant a reasonable extension of the 6-month period herein prescribed for submission of an initial plan of development and on operation where such action is justified because of unusual conditions or circumstances.

After completion of a well capable of producing unitized substances in paying quantities, nor further wells, except such as may be necessary to afford protection against operations not under this agreement and such as may be specifically approved by the AO, the Land Commissioner and Division, shall be drilled except in accordance with an approved plan of development and operation.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, or as soon thereafter as required by the AO, the Land Commissioner or the Division, the Unit Operator shall submit for approval by the AO, the Land Commissioner and Division, a schedule, based on subdivisions of the public-land survey or aliquot parts thereof, of all land then regarded as reasonably proved to be productive of unitized substances in paying quantities. These lands shall constitute a participating area on approval of the AO, the Land Commissioner and Division, effective as of the date of completion of such well or the effective date of this unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public-land survey as of the effective date of each initial participating area. The schedule shall also set forth the percentage of unitized substances to be allocated, as provided in Section 12 to each committed tract in the participating area so established, and shall govern the allocation of production commencing with the effective date of the participating area. A different participating area shall be established for each separate pool or deposit of unitized substances or for any group thereof which is produced as a single pool or zone, and any two or more participating areas so established may be combined into one, on approval of the AO, the Land Commissioner and the Division. When production from two or more participating areas is subsequently found to be from a common pool or deposit, the participating areas shall be combined into one, effective as of such appropriate date as may be approved or prescribed by the AO, the Land Commissioner and Division. The participating area or areas so established shall be revised from time to time, subject to the approval of the AO, the Land Commissioner, and Division to include additional lands then regarded as reasonably proved to be productive of unitized substances in paying quantities or which are necessary for unit operations, or to exclude lands then regarded as reasonably proved not to be productive of unitized substances in paying quantities, and the schedule of allocation percentages shall be revised accordingly. The effective date of any revision shall be the first of the month in which the knowledge or information is obtained on which

such revision is predicated; provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the AO, the Land Commissioner and Division. No land shall be excluded from a participating area on account of depletion of its unitized substances, except that any participation area established under the provisions of this unit agreement shall terminate automatically whenever all completions in the formation on which the participating areas is based are abandoned.

It is the intent of this section that a participating area shall represent the area productive of unitized substances known or reasonably proved to be productive in paying quantities or which are necessary for unit operations; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the AO, the Land Commissioner and Division, as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established, the portion of all payments affected thereby shall, except royalty due the United States, be impounded in a manner mutually acceptable to the owners of committed working interests and the AO and the Land Commissioner. Royalties due to the United States and the State of New Mexico shall be determined by the AO for Federal lands and the Land Commissioner for the State lands and the amount thereof shall be deposited, as directed by the AO and the Land Commissioner until a participating area is finally approved and then adjusted in accordance with a determination of the sum due as Federal royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the AO, the Land Commissioner and the Division, that a well drilled under this agreement is not capable of production of unitized substances in paying quantities and inclusion in a participating area of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be allocated to the land on which the well is located, unless such land is already within the participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a nonpaying unit well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, and other production for development purposes, for repressuring or recycling in accordance with a plan of development and operations which has been approved by the AO, Land Commissioner and Division, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production. For the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of the participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from the latter participating area for sale during the life of this agreement, shall be considered to be the gas so transferred, until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as such area was defined at the time of such transferred gas was finally produced and sold.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS. Any party hereto owning or controlling the working interest in any unitized

land having thereon a regular well location may with the approval of the AO and the Land Commissioner, and the Division at such party's sole risk, costs, and expense, drill a well to test any formation provided the well is outside any participating area established for that formation, unless within ninety (90) days of receipt of notice from said party of his intention to drill the well, the Unit Operator elects and commences to drill the well in a like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled under this section by a working interest owner results in production of unitized substances in paying quantities such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

If any well drilled under this section by a working interest owner that obtains production in quantities insufficient to justify the inclusion of the land upon which such well is situated in a participating area, such well may be operated and produced by the party drilling the same, subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. ROYALTY SETTLEMENT. The United States and any State and any royalty owner who is entitled to take in kind a share of the substances now unitized hereunder shall hereafter be entitled to the right to take in kind its share of the unitized substances, and Unit Operator, or the working interest owner in case of the operation of a well by a working interest owner as herein provided for in special cases, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefore under existing contracts, laws and regulations, or by the Unit Operator on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing in this section shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced in to any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery in conformity with a plan of development and operation approved by the AO and the Land Commissioner and the Division, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with appropriate deduction for loss from any cause, may be withdrawn from the formation into which the gas is introduced, royalty free as to dry gas, but not as to any products which may be extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the approved plan of development and operation or as may otherwise be consented to by the AO and the Land Commissioner and the Division as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

Royalty due the United States shall be computed as provided in 30 CFR Group 200 and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land as provided in Section 12 at the rates specified in the respective Federal lease, or at such other rate or rates as may be authorized by law or regulation and approved by the AO; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

Royalty due on account of State lands shall be computed and paid on the basis of all unitized substances allocated to such lands.

15. RENTAL SETTLEMENT. Rental or minimum royalties due on leases committed hereto shall be paid by appropriate working interest owners under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty due under their leases. Rental or minimum royalty for lands of the United

States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

Rentals on State of New Mexico lands subject to this agreement shall be paid at the rate specified in the respective leases.

With respect to any lease on non-federal land containing provisions which would terminate such lease unless drilling operations are commenced upon the land covered thereby within the time therein specified or rentals are paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and until the required drilling operations are commenced upon the land covered thereby, or until some portion of such land is included within a participating area.

16. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State or Federal law or regulation.

17. DRAINAGE. The Unit Operator shall take such measures as the AO and Land Commissioner deems appropriate and adequate to prevent drainage of unitized substances for unitized land by wells on land not subject to this agreement, which shall include the drilling of protective wells and which may include the payment of a fair and reasonable compensatory royalty, as determined by the AO, as to Federal leases and the Land Commissioner, as to State leases.

18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development, or operation for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary, as to Federal leases and the Land Commissioner, as to State leases, shall and each by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change, or revoke the drilling, producing, rental minimum royalty, and royalty requirements of Federal leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every separately owned tract subject to this agreement, regardless of whether there is any development of any particular tract of this unit area.

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the AO and the Land Commissioner, or his duly authorized representative, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land. A suspension of drilling or producing operations limited to specified lands shall be applicable only to such lands.

(d) Each lease, sublease or contract relating to the exploration, drilling, development, or operation for oil or gas of lands other than those of the United States and State of New Mexico committed to this agreement which, by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such terms so provided therein so that it shall be continued in full force and effect for and during the term of this agreement.

(e) Any Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production of unitized substances in paying quantities is established in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years, and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act, as amended.

(f) Each sublease or contract relating to the operation and development of unitized substances from lands of the United States committed to this agreement, which by its terms would expire prior to the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of the underlying lease as such term is herein extended.

(g) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Section 17(j) of the Mineral Leasing Act, as amended by the Act of September 1, 1960, (74 Stat. 781-784) (30 U.S.C. 226(j)): "Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization. Provided, however that any such lease as to the non-unitized portion shall continue in force and effect for the term thereof, but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

(h) In the event the Initial Test Well is commenced prior to the expiration date of the shortest term State Lease within the Unit Area, any lease embracing lands of the State of New Mexico which is made the subject to this agreement, shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof.

(i) Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto, shall be segregated as to the portion committed and the portion not committed, and the terms of such lease shall apply separately to such segregated portions commencing as the effective date hereof; contrary any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil or gas is discovered and is capable of being produced in paying quantities from some part of the lands embraced in such lease at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same as to all lands embraced therein, shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of oil or gas; said lease shall continue in full force and effect as to all the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or lease subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any working interest, royalty, or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the AO and the Land Commissioner or their duly authorized representative and shall automatically terminate five (5) years from said

effective date unless:

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(a) Upon application by the Unit Operator such date of expiration is extended by the AO and the Land Commissioner; or

(b) It is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder, and after notice of intention to terminate this agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, this agreement is terminated with approval of the AO and the Land Commissioner; or

(c) a valuable discovery of unitized substances in paying quantities has been made or accepted on unitized land during said initial term or any extension thereof, in which event this agreement shall remain in effect for such term and so long thereafter as unitized substances can be produced as to Federal lands and are being produced as to State lands in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder. Should production cease and diligent drilling operations to restore production or new production are not in progress or reworking within sixty (60) days and production is not restored or should new production not be obtained in paying quantities on committed lands within this unit area, this agreement will automatically terminate effective the last day of the month in which the last unitized production occurred; or.

(d) It is voluntarily terminated as provided in this agreement. Except as noted herein this agreement may be terminated at any time prior to the discovery of unitized substances which can be produced in paying quantities by not less than 75 per centum, on an acreage basis, of the working interest owners signatory hereto, with the approval of the AO and the Land Commissioner. The Unit Operator shall give notice of any such approval to all parties hereto. Voluntary termination may not occur during the first six (6) months of this agreement unless at least one obligation well shall have been drilled in conformance with Section 9.

21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The AO is hereby vested with authority to alter or modify from time to time, in his discretion, the quantity and rate of production under this agreement when such quantity and rate are not fixed pursuant to Federal or State law, or do not conform to any State-wide voluntary conservation or allocation program which is established, recognized, and generally adhered to by the majority of operators in such State. The above authority is hereby limited to alteration or modifications which are in the public interest. The public interest to be served and the purpose thereof, must be stated in the order of alteration or modification. Without regard to the foregoing, the AO is also hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law; provided, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico, as to the rate of prospecting and developing in the absence of the specific written approval thereof by the Commissioner and also to any lands of the State of New Mexico or privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Division.

Powers in the section vested in the AO shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than 15 days from notice.

22. APPEARANCES. Unit Operators shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interest affected hereby before the Department of the Interior and the Commissioner of Public Lands and Division, and to appeal from orders issued under the regulations of said Department or Land Commissioner and Division or to apply for relief from any of said regulations, or in any proceedings relative to operations before the Department or the Land Commissioner and Division or any other legally constituted authority; provided, however, that any other interested party shall also have the right at its own expense to be heard in any such proceeding.

23. NOTICES. All notices, demands, or statements required hereunder to be given or rendered to the parties hereto shall be in writing and shall be personally delivered to the party or parties, or sent by postpaid registered or certified mail, to the last known address of the party or parties.

24. NO WAIVER OF CERTAIN RIGHTS. Nothing contained in this agreement shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State where unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

25. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue drilling, or to operate on, or produce unitized substances from any of the lands covered by this agreement, shall be suspended while the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials or equipment in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

26. NONDISCRIMINATION. In connection with the performance of work under this agreement, the Unit Operator agrees to comply with all the provisions of Section 202 (1) to (7) inclusive of Executive Order 11246 (30 F.R. 12319), as amended which are hereby incorporated by reference in this agreement.

27. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto, and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal and State lands or leases, no payments of funds due the United States or the State of New Mexico should be withheld, but such funds shall be deposited as directed by the AO and such funds of the State of New Mexico shall be deposited as directed by the Land Commissioner, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

28. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw the tract from this agreement by written notice delivered to the proper Bureau of Land Management office, the Land Commissioner, the Division and the Unit Operator prior to the approval of this agreement by the AO and Commissioner. Any oil or gas interests in lands within the unit area not committed hereto prior to final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest only subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approval(s), if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof, joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. A non-working interest may not be committed to this unit agreement unless the corresponding working interest is committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, in order for the interest to be regarded as committed to this agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the date of the filing with the AO, the Land Commissioner and the Division of duly executed

counterparts of all or any papers necessary to establish effective commitment of any interest and/or tract to this agreement.

29. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above-described unit area.

30. SURRENDER. Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender vested in such party by any lease, sublease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If as a result of any such surrender, the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party may forfeit such rights and further benefits from operation hereunder as to said land to the party next in the chain of title who shall be and become the owner of such working interest.

If, as a result of any such surrender or forfeiture, working interest rights become vested in the fee owner of the unitized substances, such owner may:

(a) accept those working interest rights subject to this agreement and the unit operating agreement; or

(b) lease the portion of such land as is included in a participating area established hereunder subject to this agreement and the unit operating agreement; or

(c) provide for the independent operation of any part of such land that is not then included within a participating area established hereunder.

If the fee owner of the unitized substances does not accept the working interest rights subject to this agreement and the unit operating agreement or lease such lands as above provided within six (6) months after the surrendered or forfeited, working interest rights become vested in the fee owner, the benefits and obligations of operations accruing to such lands under this agreement and the unit operating agreement shall be shared by the remaining owners of unitized working interests in accordance with their respective working interest ownerships, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease in effect when the lands were unitized.

An appropriate accounting and settlement shall be made for all benefits accruing to or payments and expenditures made or incurred on behalf of such surrendered or forfeited working interest subsequent to the date of surrender or forfeiture, and payment of any monies found to be owing by such an accounting shall be made as between the parties within thirty (30) days.

The exercise of any right vested in a working interest owner to reassign such working interest to the party from whom obtained shall be subject to the same conditions as set forth in this section in regard to the exercise of a right to surrender.

31. TAXES. The working interest owners shall render and pay for their account and the account of the royalty owners all valid taxes on or measured by the unitized substances in and under or that may be produced, gathered and sold from the land covered by this agreement after its effective date, or upon the proceeds derived therefrom. The working interest owners on each tract shall and may charge the proper proportion of said taxes to royalty owners having interest in said tract, and may currently retain and deduct a sufficient amount of the unitized substances or derivative products, or net proceeds thereof, from the allocated share of each royalty owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or the State of New Mexico or to any lessor who has a contract

with his lessee which requires the lessee to pay such taxes.

32. NO PARTNERSHIP. It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing contained in this agreement, expressed or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

33. SURFACE AND ENVIRONMENTAL PROTECTION STIPULATIONS. Nothing in this agreement shall modify or change either the special Federal lease stipulations relating to surface management or such special Federal lease stipulations relating to surface and environmental protection, attached to and made a part of, Oil and Gas Leases covering lands within the Unit Area.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

UNIT OPERATOR AND WORKING INTEREST OWNER

ATTEST:

YATES PETROLEUM CORPORATION

By [Signature]
Secretary

By [Signature]
President

Address:
105 South Fourth Street
Artesia, New Mexico 88210

Date of Execution March 31, 1989

STATE OF NEW MEXICO)
) SS.
COUNTY OF EDDY)

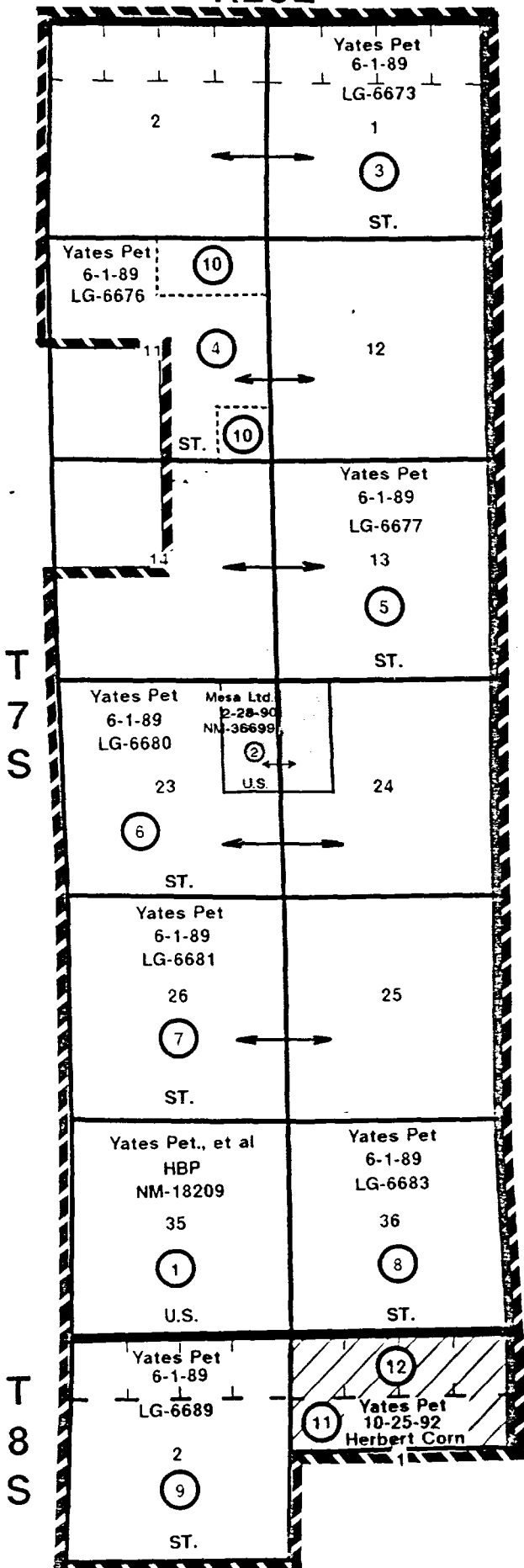
On this 31st day of March, 19 89 before me appeared John A. Yates to me personally known, who, being duly sworn, did say that he is the President of YATES PETROLEUM CORPORATION and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said John A. Yates acknowledged said instrument to be the free act and deed of said corporation.



My commission expires: March 1, 1990

William A. Skelton
Notary Public

R23E



	ACREAGE	PERCENTAGE
FEE LAND	320.00	3.845821%
STATE LAND	72.00.72	86.539626%
FEDERAL LAND	800.00	9.614553%
TOTAL	8320.72	100.000000%



FEE LAND



STATE LAND



FEDERAL LAND



TRACT NUMBER



UNIT OUTLINE

WEST OF EDEN UNIT

CHAVES COUNTY, NEW MEXICO
EXHIBIT "A"

YATES PETROLEUM CORPORATION
105 S. 4TH
ARTESIA, NEW MEXICO

EXHIBIT B
 To Unit Agreement
 WEST OF EDEN UNIT
 Chaves County, New Mexico

Tract #	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
1.T7S-R23E Sec. 35: All	640.00	NM-18209 HBP	USA - 12.5%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Company Abo Petroleum Corporation Mycos Industries, Inc.	Mildred Unruh - 5%	Yates Petroleum Corporation - 40% Yates Drilling Company - 20% Abo Petroleum Corporation - 20% Mycos Industries, Inc. - 20%
2.T7S-R23E Sec. 23: E1/4NE Sec. 24: W1/4NW	160.00	NM-36699 2-28-90	USA - 12.5%	Mesa Limited Partnership		Mesa Limited Partnership - 77.5% Texaco, USA - 12.5% Bechtel Partners, Ltd. - 10.0%
Total Federal Lands = 800.00 acres						
3.T7S-R23E Sec. 1: Lots 1,2,3,4, S1/4N1/4, S1/4	1281.16	LG-6673 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation - 40% Yates Drilling Company - 20% Abo Petroleum Corporation - 20% Estate of Martin Yates, III - 10% Lillie M. Yates - 10%
4.T7S-R23E Sec. 11: S1/4NE, NW, N1/4SE, SWSE Sec. 12: All	1000.00	LG-6676 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation - 40% Yates Drilling Company - 20% Abo Petroleum Corporation - 20% Estate of Martin Yates, III - 10% Lillie M. Yates - 10%

EXHIBIT B
 To Unit Agreement
 WEST OF EDEN UNIT
 Chaves County, New Mexico

Tract # and Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
5. T7S-R23E Sec. 13: A11 Sec. 14: NE $\frac{1}{4}$, S $\frac{1}{4}$	1120.00	LG-6677 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
7. T7S-R23E Sec. 23: W $\frac{1}{2}$ NE, W $\frac{1}{2}$, SE $\frac{1}{4}$ Sec. 24: NE $\frac{1}{4}$, E $\frac{1}{2}$ NW, S $\frac{1}{4}$	1120.00	LG-6680 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
7. T7S-R23E Sec. 25: A11 Sec. 26: A11	1280.00	LG-6681 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
8. T7S-R23E Sec. 36: A11	640.00	LG-6683 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10

EXHIBIT B
 To Unit Agreement
 WEST OF EDEN UNIT
 Chaves County, New Mexico

Tract #	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
9. T8S-R23E	639.56	LG-6689	State of NM	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, IIR - 10 Lillie M. Yates - 10
Sec. 2:	Lots 1,2,3,4, S1N1, S14	6-1-89	12.5%			
10. T7S-R23E	120.00	V-2967	State of NM	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 70% Yates Drilling Company - 10 Abo Petroleum Corporation - 10 Myco Industries, Inc. - 10
Sec. 11:	N1NE1, SE1SE1	5-1-94	16.67%			

Total State Lands = 7,200.72 acres

11. T8S-R23E	240.00	Fee	Herbert Corn	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Myco Industries, Inc. - 20
Sec. 1:	Lots 1,2,3,4, S1N1	10-25-92	18.75%			
12. T8S-R23E	80.00	Unleased				
Sec. 1:	Lots 1,2,3,4	Fee				

Total Fee Lands = 320.00 acres

RECAPITULATION

Federal Lands	800.00 acres	9.614553%
State Lands	7200.72 acres	86.539626%
Fee Lands	320.00 acres	3.845821%
TOTAL	8320.72	100.000000%

RATIFICATION AND JOINDER OF UNIT AGREEMENT
AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the WEST OF EDEN UNIT AREA, County of State of New Mexico, dated March 27, 1989, in form approved on behalf of the Secretary of the Interior and the Commission of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, her or its heirs, devisees, executors, assigns or successors in interest

EXECUTED this 3rd day of April, 1989.

BY [Signature]
Attest Secretary

TRACT(S) 10-3

YATES DRILLING COMPANY

BY [Signature] President

Address: 105 South Fourth Street
Artesia, New Mexico 88210

STATE OF NEW MEXICO)
COUNTY OF EDDY)

On this 3rd day of April, 1989, before me personally Peyton Yates, to me know to be the person described in and who executed the foregoing instrument, and acknowledged that (s)he executed the same as his/her free act and deed.

My Commission Expires:

March 2, 1990
SEAL

[Signature]
Notary Public

RATIFICATION AND JOINDER OF UNIT AGREEMENT
AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the WEST OF EDEN UNIT AREA, County of State of New Mexico, dated March 27, 1989, in form approved on behalf of the Secretary of the Interior and the Commission of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, her or its heirs, devisees, executors, assigns or successors in interest

EXECUTED this 10th day of April, 1989.

By [Signature]
Attest Secretary

ABO PETROLEUM CORPORATION

By [Signature] President

Address: 105 South Fourth Street

Artesia, New Mexico 88210

TRACT(S) _____

STATE OF NEW MEXICO)

COUNTY OF EDDY)

On this 10th day of April, 1989, before me personally John A. Yates, to me know to be the person described in and who executed the foregoing instrument, and acknowledged that (s)he executed the same as his/her free act and deed.

My Commission Expires:

March 1, 1990

SEAL

[Signature]
Notary Public

RATIFICATION AND JOINDER OF UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the WEST OF EDEN UNIT AREA, County of State of New Mexico, dated March 27, 1989, in form approved on behalf of the Secretary of the Interior and the Commission of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, her or its heirs, devisees, executors, assigns or successors in interest

EXECUTED this 14th day of April, 1989.

MYCO INDUSTRIES, INC.

By [Signature] Snowden Secretary

By [Signature] President

Address: 105 South Fourth Street Artesia, New Mexico 88210

TRACT(S)

STATE OF NEW MEXICO) COUNTY OF EDDY)

On this 14th day of April, 1989, before me personally Frank W. Yates, Jr., to me know to be the person described in and who executed the foregoing instrument, and acknowledged that (s)he executed the same as his/her free act and deed.

My Commission Expires:

March 1, 1990

SEAL

[Signature] Notary Public

RATIFICATION AND JOINDER OF UNIT AGREEMENT
AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the WEST OF EDEN UNIT AREA, County of _____ State of New Mexico, dated March 27, 1989, in form approved on behalf of the Secretary of the Interior and the Commission of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, her or its heirs, devisees, executors, assigns or successors in interest

EXECUTED this 14th day of April, 1989.

ESTATE OF MARTIN YATES III
LILLIE M. YATES

By Frank W. Yates, Jr. Attorney-in-Fact for Lillie M. Yates, individually and with S. P. Yates, Personal Representatives of Estate of Martin Yates III,
105 South Fourth Street

Artesia, New Mexico 88210

Attest

TRACT(S) _____

STATE OF NEW MEXICO)
 : ss
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 14th day of April, 1989 by Frank W. Yates, Jr., Attorney-in-Fact for Lillie M. Yates, individually and with S. P. Yates, Personal Representatives of Estate of Martin Yates III.

My commission expires:

March 1, 1990

William A. Stalow
Notary Public

RATIFICATION AND JOINDER OF UNIT AGREEMENT
AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the WEST OF EDEN UNIT AREA, County of State of New Mexico, dated March 27, 1989, in form approved on behalf of the Secretary of the Interior and the Commission of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, her or its heirs, devisees, executors, assigns or successors in interest

EXECUTED this _____ day of _____, 1989.

Karen Franklin

BECHTEL ENERGY PARTNERS LTD. (Formerly SEQUOIA ASSOCIATES LIMITED)
By BECHTEL INVESTMENTS, INC.,
Its General Partner

By: *[Signature]*
~~Address~~ Ross J. Connelly
Managing Principal

TRACT(S) _____

Address: P.O. Box 4253

Houston, TX 77210-4253

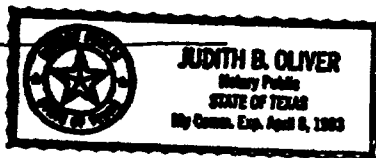
STATE OF TEXAS)

COUNTY OF HARRIS)

On this 27th day of April, 198~~8~~⁹, before me personally Ross J. Connelly, to me know to be the person described in and who executed the foregoing instrument, and acknowledged that (s)he executed the same as his/her free act and deed.

My Commission Expires:

SEAL



Judith B. Oliver
Notary Public

STATE OF NEW MEXICO, COUNTY OF CHAVES, ss

FILED FOR RECORD June 8, 1989 at 8:44 o'clock A.M.

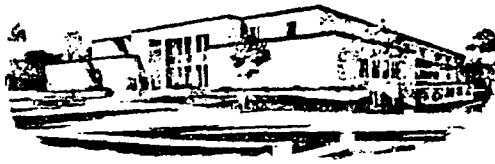
Receipt No. 65953 Fee \$55.00 Book 58 Page 470

RHODA GOODLOE, COUNTY CLERK By *[Signature]* Deputy

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

May 23, 1989

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

ATTN: Kathy H. Colbert

RE: Approval of West of Eden Unit
Chaves County, New Mexico

Gentlemen:

Please be advised that the Commissioner of Public Lands has this date granted final approval to the West of Eden Unit Agreement, Chaves County, New Mexico. It is our understanding that tract numbers 2 and 12 are not committed at this time. Our approval is subject to like approval by the Bureau of Land Management.

Enclosed are five (5) Certificates of Approval.

Your filing fee in the amount of four hundred twenty dollars (\$420.00) has been received.

If we may be of further help, please do not hesitate to call on us.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

Floyd O. Prando
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

WRH/FOP/SMH
enclosures

cc: OCD - Santa Fe, New Mexico
BLM - Roswell, New Mexico

Unit Name WEST OF EDEN UNIT
 Operator YATES PETROLEUM CORPORATION
 County CHAVES COUNTY

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
MAY 23, 1989	CASE NO.: 9652	MAY 30, 1989	8320.72	7200.72	800.00	320.00	Modified	5, so long as
	ORDER NO.: R-8923							

UNIT AREA

T-7-S,R-23-E

- Section 1: All
- Section 2: All
- Section 11: NW/4, E/2
- Section 12: All
- Section 13: All
- Section 14: SW/4, E/2
- Section 23: All
- Section 24: All
- Section 25: All
- Section 26: All
- Section 35: All
- Section 36: All

Tracts 2 and 12 are not committed:
Tract 2: 160.00 Acres (Federal)
 Tract 12: 80.00 Acres (Fee)

T-8-S,R-23-E

- Section 1: N/2
- Section 2: All

WEST OF EDEN UNIT
REPORT TO DEPARTMENTS

Page 1 Effective Date: May 30, 1989
Approval Date: May 23, 1989

BENEFICIARY

Tract #	Land Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
1. T7S-R23E	Sec. 35: All	640.00	NM-18209 HBP	USA - 12.5%	Yates Petroleum Corporation -40% Yates Drilling Company Abo Petroleum Corporation -20 Abo Petroleum Corporation -20 Mycro Industries, Inc. -20	Mildred Unruh- 5%	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Mycro Industries, Inc. - 20
2. T7S-R23E	Sec. 23: E1/4NE Sec. 24: W1/4NW	160.00	NM-36699 2-28-90	USA - 12.5%	Mesa Limited Partnership		Mesa Limited Partnership -77.5% Texaco, USA -12.5 Bechtel Partners, Ltd. -10.0
----- Total Federal Lands = 800.00 acres -----							
3. T7S-R23E	Sec. 1: Lots 1,2, 3,4, S1/4N1/4, S1/4 Sec. 2: Lots 1,2, 3,4, S1/4N1/4, S1/4	1281.16	LG-6673 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
4. T7S-R23E	Sec. 11: S1/4NE, NW, N1/4SE, SWSE Sec. 12: All	1000.00	LG-6676 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10

***Not Committed

REPORT TO DEPARTMENTS

TRACT # Land Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
5. T7S-R23E Sec. 13: All Sec. 14: NE1, S1	1120.00	LG-6677 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
6. T7S-R23E Sec. 23: W1NE, W2, S1 Sec. 24: NE1, E1NW, S1	1120.00	LG-6680 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
7. T7S-R23E Sec. 25: All Sec. 26: All	1280.00	LG-6681 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
8. T7S-R23E Sec. 36: All	640.00	LG-6683 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10

Tract #	Land Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
9.T8S-R23E	Lots 1,2,3, 4, S1N1, S1	639.56	LG-6689 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
10.T7S-R23E	N1NE1, S1SE1	120.00	V-2967 5-1-94	State of NM 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 70% Yates Drilling Company - 10 Abo Petroleum Corporation - 10 Myco Industries, Inc. - 10

Total State Lands = 7,200.72 acres

U.T8S-R23E	Sec. 1:	240.00	Fee	Herbert Corn	Yates Petroleum Corporation	None	Yates Petroleum Corporation- 40%
	Lots 1,2,3, 4, S1N1		10-25-92	18.75%	Yates Drilling Company		Yates Drilling Company - 20
					Myco Industries, Inc.		Myco Industries, Inc. - 20
U.T8S-R23	Sec. 1: Lots 1,2,3, 4	80.00	Unleased Fee				

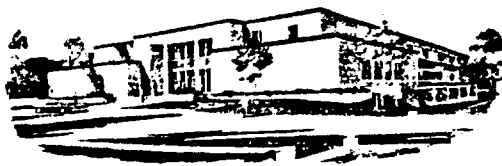
Total Fee Lands = 320.00 acres

RECAPITULATION

Federal Lands	800.00 acres	9.614553%
State Lands	7200.72 acres	86.539626%
Fee Lands	320.00 acres	3.845821%
TOTAL	8320.72	100.000000%

*** Not Committed

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

May 26, 1989

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

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

ATTN: Kathy Colbert

RE: Approval of Middle Creek State Unit
Chaves County, New Mexico

Gentlemen:

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Middle Creek State Unit Agreement, Chaves County, New Mexico. The effective date of this agreement is May 26, 1989. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

It is our understanding that tract number 25 is not committed at this time. We have not received the executed ratifications from Inexco Oil Company and Bonneville Fuels Corporation at this time.

Enclosed are five (5) Certificates of Approval.

Your filing fee in the amount of eight hundred seventy dollars (\$870.00) was received. However, we are refunding you sixty dollars (\$60.00) because the correct filing fee is only eight hundred ten dollars (\$810.00).

If we may be of further help, please do not hesitate to call on us.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

A handwritten signature in cursive script, appearing to read "Floyd O. Prando".

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

WRH/FOP/SMH
enclosures

cc: OCD - Santa Fe, New Mexico
BLM - Roswell, New Mexico

Unit Name MIDDLE CREEK STATE UNIT
 Operator YATES PETROLEUM CORPORATION
 County CHAVES COUNTY

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED MAY 26, 1989	OCC ORDER NO. CASE NO.: 9653	MAY 26, 1989	15,680.73	15,240.73	-0-	440.00	STRICT	5 YEARS

ORDER NO.: R-8933

UNIT AREA

T-8-S, R-23-E

- Section 25: SESW, S/2SE
- Section 26: S/2
- Section 27: S/2
- Section 28: All
- Section 32: All
- Section 33: All
- Section 34: All
- Section 35: All
- Section 36: All

T-9-S, R23-E

- Section 1: All
- Section 2: All
- Section 3: All
- Section 4: All
- Section 9: All
- Section 10: NW/4, SE/4
- Section 13: N/2, NE/4SW/4, S/2SW/4, N/2SE/4, SW/4SE/4
- Section 14: All
- Section 15: All
- Section 16: All
- Section 17: All
- Section 20: All
- Section 21: All
- Section 22: All
- Section 23: S/2, NE/4, N/2NW/4, SE/4NW/4
- Section 24: All
- Section 26: All
- Section 27: All

TRACT 25 is not committed
 420.00 Acres (Fee)

MIDDLE CREEK STATE UNIT
REPORT TO DEPARTMENTS

Effective Date: May 26, 1989
Approval Date: May 26, 1989

BENEFICIARY

Tract = Land Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
1. T8S-R23E Sec. 25: SE1SW1, S1SE1	120.00	LG-6684 6/1/89	State of NM 12.5%	Yates Petroleum Corporation		Yates Petroleum Corporation - 40% C.S. Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
2. T8S-R23E Sec. 26: NE1SW1, W1SW1, SE1 Sec. 27: S1 Sec. 28: N1, S1SW1, SE1	1160.00	LG-6686 6/1/89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation - 40% I.R.C. Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
3. T8S-R23E Sec. 32: All Sec. 33: All	1280.00	LG-6688 6/1/89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation - 40% I.R.C. Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
4. T8S-R23E Sec. 36: All	640.00	LG-6689 6/1/89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation - 40% C.S. Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10
5. T8S-R23E Sec. 34: All	640.00	LG-6690-3 6/1/89	State of NM 12.5%	Mesa Petroleum Company MTS Limited Partnership	None	Mesa Limited Partnership - 77.5 I.R.C. Texaco USA - 12.5 Bechtel Partners, Ltd. - 10.0
6. T9S-R23E Sec. 1: Lots 1, 2, 3, 4, S1N1, S1 Sec. 2: Lots 1, 2, 3, 4, S1N1, S1	1280.77	LG-6691 6/1/89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation - 40% I.R.C. Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III - 10 Lillie M. Yates - 10

MIDDLE CREEK STATE UNIT

REPORT TO DEPARTMENTS

BENEFICIARY

Tract # and Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner	I.R.
7. T9S-R23E Sec. 3: Lots 1, 2, 3, 4, S1N1, N1	640.04	LG-6692-2 6/1/89	State of NM 12.5%	MTS Limited Partnership	None	Mesa Limited Partnership Texaco USA Bechtel Partners, Ltd.	-77.5% -12.5 -10.0
8. T9S-R23E Sec. 4: Lots 1, 2, 3, 4, S1N1, N1	639.76	LG-6692-3 6/1/89	State of NM 12.5%	Mesa Petroleum Company MTS Limited Partnership	None	Mesa Limited Partnership Texaco USA Bechtel Partners, Ltd.	-77.5% -12.5 -10.0
9. T9S-R23E Sec. 9: All Sec. 13: N1, E1SW1, SW1SW1, NE1SE1, SW1SE1	1160.00	LG-6694 6/1/89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III- 10 Lillie M. Yates - 10	40% - 20 - 20 - 10 - 10
10. T9S-R23E Sec. 14: All Sec. 15: All	1280.00	LG-6696 6/1/89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III- 10 Lillie M. Yates - 10	40% - 20 - 20 - 10 - 10
11. T9S-R23E Sec. 16: All	640.00	LG-6697-2 6/1/89	State of NM 12.5%	Mesa Petroleum Company MTS Limited Partnership	None	Mesa Limited Partnership Texaco USA Bechtel Partners, Ltd.	-77.5% -12.5 -10.0
12. T9S-R23E Sec. 17: All Sec. 20: N1NE1, SE1NE1, W1, SE1	1240.00	LG-6698 6/1/89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation- Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Estate of Martin Yates, III- 10 Lillie M. Yates - 10	40% - 20 - 20 - 10 - 10

MIDDLE CREEK STATE UNIT

REPORT TO DEPARTMENTS

Tract # and Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner	
3. T9S-R23E Sec. 21: All	640.00	LG-6699-2 6/1/89	State of NM 12.5%	MTS Limited Partnership	None	Mesa Limited Partnership Texaco USA Bechtel Partners, Ltd.	-77.5% I.R.G. -12.5 -10.0
4. T9S-R23E Sec. 22: All	640.00	LG-6699-3 6/1/89	State of NM 12.5%	Mesa Petroleum Company MTS Limited Partnership	None	Mesa Limited Partnership Texaco USA Bechtel Partners, Ltd.	-77.5% I.R.G. -12.5 -10.0
5. T9S-R23E Sec. 23: NE1, NW1, SE1NW1, S1	1240.00	LG-6700 6/1/89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Estate of Martin Yates, III Lillie M. Yates	-40% I.R.G. - 20 - 20 - 10 - 10
6. T9S-P23E Sec. 25: SE1SW1	40.00	LG-6701-2 6/1/89	State of NM 12.5%	Mesa Petroleum Company MTS Limited Partnership	None	Mesa Limited Partnership Texaco USA Bechtel Partners, Ltd.	-77.5% D & D -12.5 -10.0
7. T9S-R23E Sec. 26: W1SE1	80.00	LG-6702 6/1/89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Estate of Martin Yates, III Lillie M. Yates	40% SCH. OF MINES - 20 - 20 - 10 - 10
8. T9S-R23E Sec. 26: NW1NE1, SE1NW1, W1SE1, SW1SW1	840.00	LG-6703 6/1/89	State of NM 12.5%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Estate of Martin Yates, III Lillie M. Yates	40% I.R.G. - 20 - 20 - 10 - 10
9. T9S-R23E Sec. 27: All							

MIDDLE CREEK STATE UNIT

REPORT TO DEPARTMENTS

Tract # Land Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	State of NM	Lessee of Record	Overriding Royalty	Working Interest Owner	I.R.G.
19. T8S-R23E Sec. 35: All	640.00	LG-6763 7/1/89	State of NM 12.5%	Inexco Oil Company	None	Louisiana Land & Exploration Company	-100%	
20. T9S-R23E Sec. 13: NW1SE1	40.00	V-1144 8/1/89	State of NM 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	- 70% I.R.C. - 10 - 10 - 10	
21. T8S-R23E Sec. 28: N1SW1	80.00	V-2968 5/1/94	State of NM 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	- 70% I.R.C. - 10 - 10 - 10	
22. T9S-R23E Sec. 26: N1NW1, SW1NW1, E1NE1, SW1NE1,	240.00	V-2969 5/1/94	State of NM 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	- 70% I.R.C. - 10 - 10 - 10	
23. T9S-R23E Sec. 26: NE1SE1	40.00	V-2970 5/1/94	State of NM 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	- 70% I.R.C. - 10 - 10 - 10	

STATE LANDS = 15,240.73 acres

24. T8S-R23E Sec. 26: SE1SW1	20.00	Fee 12-15-89	Head, et al 50.00%	Yates Petroleum Corporation - 40% Yates Drilling Company - 20 Abo Petroleum Corporation - 20 Myco Industries, Inc. - 20	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	- 40% - 20 - 20 - 20	
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MIDDLE CREEK STATE UNIT

REPORT TO DEPARTMENTS

ct #	d Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
T8S-R23E	***	420.00	Unleased				
Sec. 26:	SE1SW1	Net	Fee				
T9S-R23E							
Sec. 10:	NW1, SE1						
Sec. 20:	SW1NE1						
Sec. 26:	SE1SE1						

FEE LANDS = 440.00 acres

RECAPITULATION

State Lands	15,240.73 acres	97.194008%
Fee Lands	440.00 acres	2.805992
<u>Total</u>	<u>15,680.73 acres</u>	<u>100.000000%</u>

*** NOT COMMITTED

Unit Name PAST APPLE STATE UNIT
 Operator YATES PETROLEUM CORPORATION
 County EDDY COUNTY

<u>DATE</u>	<u>OCC CASE NO.</u>	<u>EFFECTIVE DATE</u>	<u>TOTAL ACREAGE</u>	<u>STATE</u>	<u>FEDERAL</u>	<u>INDIAN-FEE</u>	<u>SEGREGATION CLAUSE</u>	<u>TERM</u>
<u>APPROVED</u>	<u>OCC ORDER NO.</u>							
MAY 12, 1989	CASE NO.: 9655 ORDER NO.: R-8924	MAY 12, 1989	5919.52	5759.52	-0-	160.00	STRICT	5 years So long as

UNIT AREA

T-25-S, R-28-E

ALL TRACTS ARE COMMITTED

Section 28: W/2, SE/4
 Section 29: S/2
 Section 31: All
 Section 32: All
 Section 33: All

T-26-S, R-28-E

Section 4: All
 Section 5.: All
 Section 6: All
 Section 7: All
 Section 8: All

REPORT TO DEPARTMENTS
EAST APPLE STATE UNIT

Effective Date: May 12, 1989
Approval Date: May 12, 1989

BENEFICIARY

Tract #	Land Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
1.	T255S-R28E,NMPM Sec. 32: E½	320	VA-1 6-1-89	State of NM 12.5%	Yates Petroleum Corporation	none	Yates Petroleum Corporation- 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
2.	T255S-R28E,NMPM Sec. 31: Lots 1,2, 3,4,E½W½	320.64	V-1068 6-1-89	State of NM 16.67%	Yates Petroleum Corporation	none	Yates Petroleum Corporation- 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
3.	T255S-R28E,NMPM Sec. 33: S½	320	V-1069 6-1-89	State of NM 16.67%	Yates Petroleum Corporation	none	Yates Petroleum Corporation- 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
4.	T265S-R28E,NMPM Sec. 4: S/2	320	V-1070 6-1-89	State of NM 16.67%	Yates Petroleum Corporation	none	Yates Petroleum Corporation- 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
5.	T265S-R28E,NMPM Sec. 6: E½	320	V-1071 6-1-89	State of NM 16.67%	Yates Petroleum Corporation	none	Yates Petroleum Corporation- 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
6.	T255S-R28E,NMPM Sec. 28: NW¼,S½	480	V-1081 6-1-89	State of NM 16.67%	Yates Petroleum Corporation	none	Yates Petroleum Corporation- 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
7.	T255S-R28E,NMPM Sec. 32: W½W½	160	V-1082 6-1-89	State of NM 16.67%	Marshall & Winston	none	Marshall & Winston - 100%

C.S.
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REPORT TO DEPARTMENTS
EAST APPLE STATE UNIT

Effective Date: May 12, 1989
Approval Date: May 12, 1989

BENEFICIARY

Tract # and Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
8. <u>T255-R28E,NMPM</u> Sec. 33: N $\frac{1}{4}$	320	V-1083 6-1-89	State of NM 16.67%	Yates Petroleum Corporation	none	Yates Petroleum Corporation - 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
9. <u>T26S-R28E,NMPM</u> Sec. 4: N/2	320	V-1084 6-1-89	State of NM 16.67%	Yates Petroleum Corporation	none	Yates Petroleum Corporation - 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
10. <u>T26S-R28E,NMPM</u> Sec. 5: E $\frac{1}{4}$	320	V-1085 6-1-89	State of NM 16.67%	Yates Petroleum Corporation	none	Yates Petroleum Corporation - 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
11. <u>T26S-R28E,NMPM</u> Sec. 8: A11	640	V-1581 9-1-90	State of NM 16.67%	Yates Petroleum Corporation	none	Yates Petroleum Corporation - 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
12. <u>T25S-R28E,NMPM</u> Sec. 29: S $\frac{1}{4}$	320	V-1674 1-1-91	State of NM 16.67%	Harvey E. Yates Company	none	Harvey E. Yates Company - 55.387273% Yates Energy Corporation - 27.112727% Explorers Petroleum Corp. - 7.500000% Spiral, Incorporated - 7.500000% Heyco Employees Ltd. - 2.500000%
13. <u>T26S-R28E,NMPM</u> Sec. 7: A11	639.12	V-2265 4-1-92	State of NM 16.67%	Yates Petroleum Corporation	none	Yates Petroleum Corporation - 40% Yates Drilling Company - 20% Abo Petroleum Corporation - 20% Myco Industries, Inc. - 20%
14. <u>T26S-R28E,NMPM</u> Sec. 5: W $\frac{1}{4}$	320	LH-2886 6-1-94	State of NM 12.5%	Yates Petroleum Corporation	none	Yates Petroleum Corporation - 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%

C.S.

C.S.

C.S.

C.S.

C.S.

C.S.

REPORT TO DEPARTMENTS
EAST APPLE STATE UNIT

Effective Date: May 12, 1989
Approval Date: May 12, 1989

BENEFICIARY

Tract # Land Description	No of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner
15. T25S-R28E,NMPM Sec. 31: E½	320	LH-2890 6-1-94	State of NM 12.5%	Yates Petroleum Corporation	none	Yates Petroleum Corporation- 70% C.S. Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
16. T26S-R28E,NMPM Sec. 6: Lots 1,2, 3,4,E½W½	319.76	LH-2891 6-1-94	State of NM 12.5%	Yates Petroleum Corporation	none	Yates Petroleum Corporation- 70% C.S. Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%

STATE LANDS = 5759.52 acres

17. T25S-R28E,NMPM Sec. 32: E½W½	160	15 Fee Leases 1-20-90 1-21-90	Calvin S. Bingham,Jr., et al-18.75%	Yates Petroleum Corporation -70% Yates Drilling Company -10% Abo Petroleum Corporation -10% Myco Industries, Inc.-10%	none	Yates Petroleum Corporation- 70% Yates Drilling Company - 10% Abo Petroleum Corporation - 10% Myco Industries, Inc. - 10%
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FEE LANDS = 160.00 acres

RECAPITULATION

State Lands	5759.52 acres	97.297078%
Fee Lands	160.00 acres	2.702922
Total	5919.52 acres	100.000000%

ALL ACREAGE IS COMMITTED

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

May 23, 1989

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

ATTN: Kathy H. Colbert

RE: Approval of West of Eden Unit
Chaves County, New Mexico

Gentlemen:

Please be advised that the Commissioner of Public Lands has this date granted final approval to the West of Eden Unit Agreement, Chaves County, New Mexico. It is our understanding that tract numbers 2 and 12 are not committed at this time. Our approval is subject to like approval by the Bureau of Land Management.

Enclosed are five (5) Certificates of Approval.

Your filing fee in the amount of four hundred twenty dollars (\$420.00) has been received.

If we may be of further help, please do not hesitate to call on us.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

Floyd O. Prando
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

WRH/FOP/SMH
enclosures

cc: OCD - Santa Fe, New Mexico
BLM - Roswell, New Mexico



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE
P.O. BOX 1397
ROSWELL, NEW MEXICO 88201

WPM 72050
3180 (065)

RECEIVED

JUN - 1 1989

OIL CONSERVATION DIV.
SANTA FE

MAY 30 1989

Dickerson, Fisk & Vandiver
Attention: David R. Vandiver
Seventh & Mahone, Suite E
Artesia, New Mexico 88210

Gentlemen:

One approved copy of the West of Eden Unit Agreement, Chaves County, New Mexico, filed on behalf of Yates Petroleum Corporation, is enclosed. Such agreement has been assigned No. WPM 72050 and is effective the same date as approved, May 30, 1989.

Sincerely,

(ORIG. SGD.) ARMANDO A. LOPEZ

FOR

Joe G. Lare
Assistant District Manager,
Minerals

1 Enclosure

cc:
Commissioner of Public Lands, Santa Fe
MMS, MS-652 (copy of Exhibit B)
NMOC, Santa Fe
NM-065 (B.Lopez)
NM-066 (copy of Exhibit A)

CERTIFICATION--DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C., secs. 181, et seq., and delegated to the District Manager, Bureau of Land Management, I do hereby:

- A. Approve the attached agreement for the development and operation of the West of Eden unit area, State of New Mexico.

- B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

- C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

(ORIG. SGD.) ARMANDO A. LOPEZ

FOR

ADM, Minerals
Bureau of Land Management

May 30, 1989
Date

NMNM 72650
Contract No.

May 25, 1989

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

RECEIVED

Attention: Ms. Susan Howarth

MAY 25 1989

Re: West of Eden Unit
Chaves County, New Mexico

OIL CONSERVATION DIV.
SANTA FE

Dear Ms. Howarth:

By letter dated May 18, 1989, a copy of which is enclosed for your reference, we made application on behalf of Yates Petroleum Corporation for final approval of the West of Eden Unit, Chaves County, New Mexico. In connection with this Unit Agreement, we submit herewith the following supplemental materials:

1. Two original executed copies of Ratification of Unit Agreement and Unit Operating Agreement executed by Bechtel Energy Partners Ltd. (formerly Sequoia Associates Limited), which owns an interest in Tract 2 of the unit.
2. Two copies of revised Exhibit "A" to the Unit Operating Agreement.

Please attach the Ratification of Bechtel Energy Partners Ltd. to the Unit Agreement and substitute the enclosed revised Exhibit "A" in place of the original Exhibit "A" attached to the Unit Operating Agreement.

Chad Dickerson

John Fisk

David R. Vandiver

James W. Catron

DICKERSON, FISK & VANDIVER

ATTORNEYS AT LAW

Seventh & Mahone / Suite E / Artesia, New Mexico 88210 / (505) 746-9841

Commissioner of Public Lands
May 25, 1989
Page 2

Please contact me if you should need anything further prior to approval of this Unit Agreement. Thank you for your cooperation in this matter.

Very truly yours,

DICKERSON, FISK & VANDIVER

David R. Vandiver

DRV:nt
Enclosures

xc: Ms. Kathy Colbert
Bureau of Land Management
New Mexico Oil Conservation Division

May 25, 1989

Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201

Re: West of Eden Unit
Chaves County, New Mexico

Gentlemen:

By letter dated May 18, 1989, a copy of which is enclosed for your reference, we made application on behalf of Yates Petroleum Corporation for approval of the West of Eden Unit, Chaves County, New Mexico. In connection with this Unit Agreement, we submit herewith the following supplemental materials:

1. Four original executed copies of Ratification of Unit Agreement and Unit Operating Agreement executed by Bechtel Energy Partners Ltd. (formerly Sequoia Associates Limited), which owns an interest in Tract 2 of the unit.
2. Four copies of revised Exhibit "A" to the Unit Operating Agreement.

Please attach the Ratification of Bechtel Energy Partners Ltd. to the Unit Agreement and substitute the enclosed revised Exhibit "A" in place of the original Exhibit "A" attached to the Unit Operating Agreement.

Chad Dickerson

John Fisk

David R. Vandiver

James W. Catron

DICKERSON, FISK & VANDIVER

ATTORNEYS AT LAW

Seventh & Mahone / Suite E / Artesia, New Mexico 88210 / (505) 746-9841

Bureau of Land Management
May 25, 1989
Page 2

Please contact me if you should need anything further prior to approval of this Unit Agreement. Thank you for your cooperation in this matter.

Very truly yours,

DICKERSON, FISK & VANDIVER

David R. Vandiver

DRV:nt
Enclosures

xc: Ms. Kathy Colbert
Commissioner of Public Lands
New Mexico Oil Conservation Division

RATIFICATION AND JOINDER OF UNIT AGREEMENT
AND
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the WEST OF EDEN UNIT AREA, County of State of New Mexico, dated March 27, 1989, in form approved on behalf of the Secretary of the Interior and the Commission of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, her or its heirs, devisees, executors, assigns or successors in interest

EXECUTED this _____ day of _____, 1989.

Loren Franklin

BECHTEL ENERGY PARTNERS LTD. (Formerly
SEQUOIA ASSOCIATES LIMITED)
By BECHTEL INVESTMENTS, INC.,
Its General Partner

By: *Ross J. Connelly*

~~Address:~~ Ross J. Connelly
Managing Principal

Address: P.O. Box 4253

Houston, TX 77210-4253

TRACT(S) _____

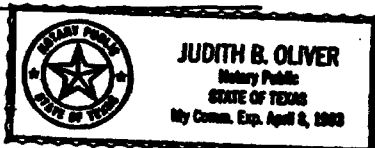
STATE OF TEXAS)

COUNTY OF HARRIS)

On this 27th day of April, 198~~8~~⁹, before me personally Ross J. Connelly, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s)he executed the same as his/her free act and deed.

My Commission Expires:

SEAL



Judith B. Oliver

Notary Public

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED MARCH 27, 1989, BETWEEN YATES PETROLEUM CORPORATION, "OPERATOR", AND YATES DRILLING COMPANY, ET AL, "NON-OPERATORS", COVERING LANDS IN CHAVES COUNTY, NEW MEXICO.

EXHIBIT "A"

- I. 1. Lands Subject to Agreement:
Township 7 South, Range 23 East, NMPM
 Section 1: All
 Section 2: All
 Section 11: NW/4, E/2
 Section 12: All
 Section 13: All
 Section 14: SW/4, E/2
 Section 23: All
 Section 24: All
 Section 25: All
 Section 26: All
 Section 35: All
 Section 36: All
Township 8 South, Range 23 East, NMPM
 Section 1: N/2
 Section 2: All
 Containing 8320.72 acres, more or less
 Chaves County, New Mexico

2. Depth Restriction:
 None

3. Drilling Unit for First Well:
 Proration Unit as established by the New Mexico OCD

II. Leasehold and Percentage Interests of Parties Under the Agreement:

NAME	INITIAL TEST WELL %'s	INITIAL TEST WELL BEFORE PAYOUT	INITIAL TEST WELL AFTER PAYOUT
YATES PETROLEUM CORPORATION	40%	40%	40%
YATES DRILLING COMPANY	20	20	20
ABO PETROLEUM CORPORATION	20	20	20
ESTATE OF MARTIN YATES III	10	F/O	2.5
LILLIE M. YATES	10	F/O	2.5
MYCO INDUSTRIES, INC.		20	15
	100%	100%	100%

III. Addresses of Parties to Which Notices Should be Sent:

YATES PETROLEUM CORPORATION
 YATES DRILLING COMPANY
 ABO PETROLEUM CORPORATION
 MYCO INDUSTRIES, INC.
 ESTATE OF MARTIN YATES, III
 LILLIE M. YATES
 105 South Fourth Street
 Artesia, New Mexico 88210
 ATTN: Ms. Kathy H. Colbert

MESA LIMITED PARTNERSHIP
 P. O. Box 2009
 Amarillo, Texas 79189-2009
 ATTN: Mr. Mark Seale

TEXACO, INC.
 P. O. Box 3109
 Midland, Texas 79702
 ATTN: Mr. Mike Mullins

BECHTEL ENERGY PARTNERS, LTD.
 P. O. Box 4253
 Houston, Texas 77210-4253
 ATTN: Ms. Karen Franklin

9652

May 18, 1989

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

RECEIVED

MAY 19 1989

Attention: Mr. Pete Martinez

OIL CONSERVATION DIV.
SANTA FE

Re: West of Eden Unit
Chaves County, New Mexico

Gentlemen:

On behalf of Yates Petroleum Corporation, application is hereby made for final approval of the West of Eden Unit, Chaves County, New Mexico. This exploratory unit consists of 8,320.72 acres of state, federal and fee lands. Tracts 1, 3, 4, 5, 6, 7, 8, 9, 10 and 11 (97.11563%) are committed to the unit as of the date hereof, and Tracts 2 and 12 (2.88437%) are currently not committed to the unit. Submitted herewith are the following:

1. Two original executed copies of the Unit Agreement for the Development and Operation of the West of Eden Unit Area dated March 27, 1989, with Exhibits "A" and "B", together with executed ratifications of all parties attached to each copy of the Unit Agreement.
2. Two original executed copies of the West of Eden Unit Operating Agreement dated March 27, 1989.
3. One copy of Order No. R-8923 entered on May 5, 1989, in Case No. 9652, whereby the New Mexico Oil Conservation Division approves the Unit Agreement, to become effective upon approval by the Commissioner of Public Lands for the State of New Mexico and the Director of the appropriate agency of the United States Department of the Interior.

Bureau of Land Management approval of this unit is being sought at this time, and copies of the Unit Agreement and Unit Operating Agreement, together with a copy of this letter, have been submitted to the Bureau of Land Management at its Roswell Office.

Chad Dickerson

John Fisk

David R. Vandiver

James W. Catron

DICKERSON, FISK & VANDIVER

ATTORNEYS AT LAW

Seventh & Mahone / Suite E / Artesia, New Mexico 88210 / (505) 746-9841

Commissioner of Public Lands
May 18, 1989
Page 2

Please contact me if you should need anything further prior to approval of this Unit Agreement. Your early attention to this matter will be appreciated as there is a June 1, 1989 expiration date for certain state leases committed to the unit.

Thank you for your cooperation in this matter.

Very truly yours,

DICKERSON, FISK & VANDIVER

David R. Vandiver

DRV:nt
Enclosures

xc: Ms. Kathy Colbert
Bureau of Land Management
New Mexico Oil Conservation Division

