



13053

**PATRICK H. LYONS
COMMISSIONER**

*State of New Mexico
Commissioner of Public Lands*

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SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

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www.nmstatelands.org

RECEIVED

March 15, 2004

MAR 17 2004

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

**OIL CONSERVATION
DIVISION**

Attention: Ms. Tamala J. Verdugo

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

Dear Ms. Verdugo:

We are in receipt of your letters of March 5, 2004 and March 8, 2004 requesting the voluntary termination of the Stare State Unit Agreement. Enclosed with you letter of March 8, 2004 are ratifications of over 75% of the working interest owners requesting the unit termination.

Pursuant to Article 17 of the Stare State Unit Agreement, please be advised that this office has terminated the Stare State Unit Agreement effective March 14, 2004. Please be advised that the Stare BEA State Com Well No. 1, Communitization Agreement for the N/2 of Section 8-9S-27E is being issued concurrently with the unit termination.

Please notify all parties of this action.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

**PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS**

BY:

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

PL/JB/pm

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

RECEIVED

MAR 17 2004

OIL CONSERVATION
DIVISION

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

DATE APPROVED	OCC CASE NO.	OCC ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
05/16/2003	13053	R-11955	1600.00	1600.00	0	0	STRICT	5 YEARS SO LONG AS

EFFECTIVE 05/16/2003

APPROVALS

SLO--05-16-2003
OCD--05-05-2003

TOWNSHIP 09 SOUTH, RANGE 27 EAST
SECTION 8: All
SECTION 9: S/2
SECTION 16: ALL

TERMINATED
EFFECTIVE DATE 3-14-04
APPROVAL DATE 3-15-04

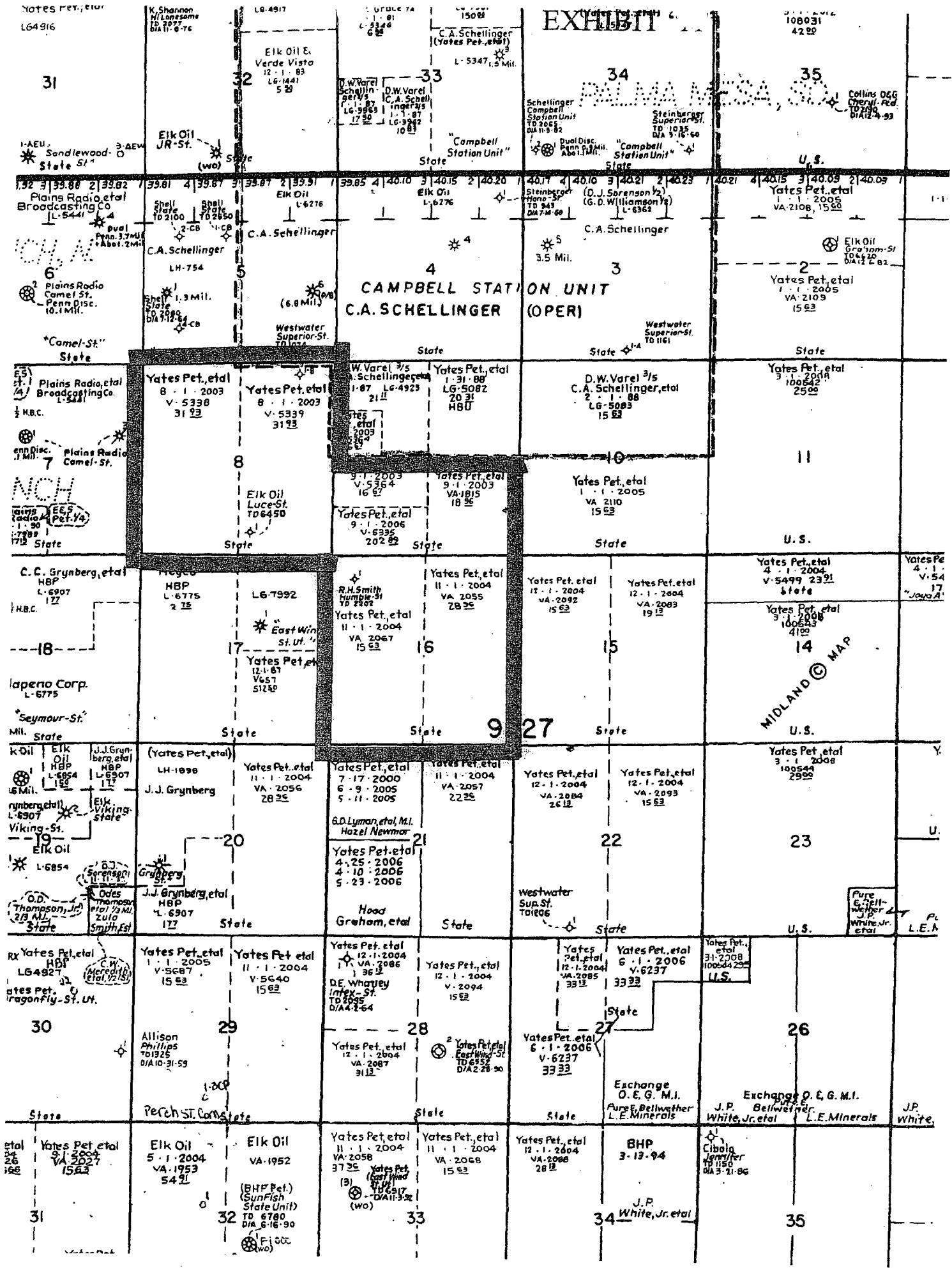


EXHIBIT "A"

EXHIBIT "B"
STARE STATE EXPLORATORY UNIT
CHAVES COUNTY, NEW MEXICO

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1.	T9S, R27E Sec. 8: W2 Chaves County, NM	320.00	VO-5338 8/1/03	State of New Mexico 1/8	Yates Petroleum Corporation 3-24-03	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 3-24-03
2.	T9S, R27E Sec. 8: E2 Chaves County, NM	320.00	VO-5339 8/1/03	State of New Mexico 1/8	Yates Petroleum Corporation 3-24-03	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 3-24-03
3.	T9S, R27E Sec. 9: N2SW4 Chaves County, NM	80.00	VO-5364 9/1/03	State of New Mexico 1/8	Yates Petroleum Corporation 3-24-03	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 3-24-03
4.	T9S, R27E Sec. 9: SE4 Chaves County, NM	160.00	VA-1815 9/1/03	State of New Mexico 1/8	Yates Petroleum Corporation 3-24-03	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 3-24-03
5.	T9S, R27E Sec. 16: W2 Chaves County, NM	320.00	VA-2067 11/1/04	State of New Mexico 1/8	Yates Petroleum Corporation 3-24-03	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 3-24-03
6.	T9S, R27E Sec. 16: E2 Chaves County, NM	320.00	VA-2055 11/1/04	State of New Mexico 1/8	Yates Petroleum Corporation 3-24-03	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 3-24-03
7.	T9S, R27E Sec. 9: S2SW4 Chaves County, NM	80.00	VO-6335 9/1/06	State of New Mexico 1/8	Yates Petroleum Corporation 3-24-03	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Mycos Industries, Inc. 3-24-03
TOTAL ACRES		1600.00					
STATE LANDS		100%					