



13514

PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

July 29, 2005

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

Attn: Mr. Robert Bullock

Re: Final Approval
Wynona State Exploratory Unit
Lea County, New Mexico

RECEIVED

AUG 1 - 2005

OIL CONSERVATION
DIVISION

Dear Mr. Bullock:

Thank you for your letter of July 25, 2005 requesting final approval of the Wynona State Exploratory Unit Agreement, Lea County, New Mexico. It is our understanding that all tracts are fully committed to the unit.

The Commissioner of Public Lands has this date granted final approval to the Wynona State Exploratory Unit Agreement effective July 29, 2005.

Enclosed are five (5) Certificates of Approval.

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

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY
Oil, Gas & Minerals Division
(505) 827-5744
PL/JB/pm

pc: Reader File,
OCD-Santa Fe, Attn: Mr. Roy Johnson
TRD-Attn: Mr. Valdean Severson
RMD-Attn: Ms. Linda Vieira
Mr. William F. Carr

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital •

UNIT NAME: WYNONA STATE EXPLORATORY UNIT
 OPERATOR: YATES PETROLEUM CORPORATION
 COUNTY: LEA

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 07/29/2005	CASE NO. 13514 ORDER NO. R-12381	2633.64	2633.64	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--07-29-2005
 OCD--07-07-2005

TOWNSHIP 12 SOUTH, RANGE 34 EAST

SECTION 19: LOTS 1, 2, E/2NW/4, NE/4
 SECTION 20: N/2, SE/4
 SECTION 21: ALL
 SECTION 22: ALL
 SECTION 28: N/2, N/2S/2, S/2SE/4

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 DIVISION

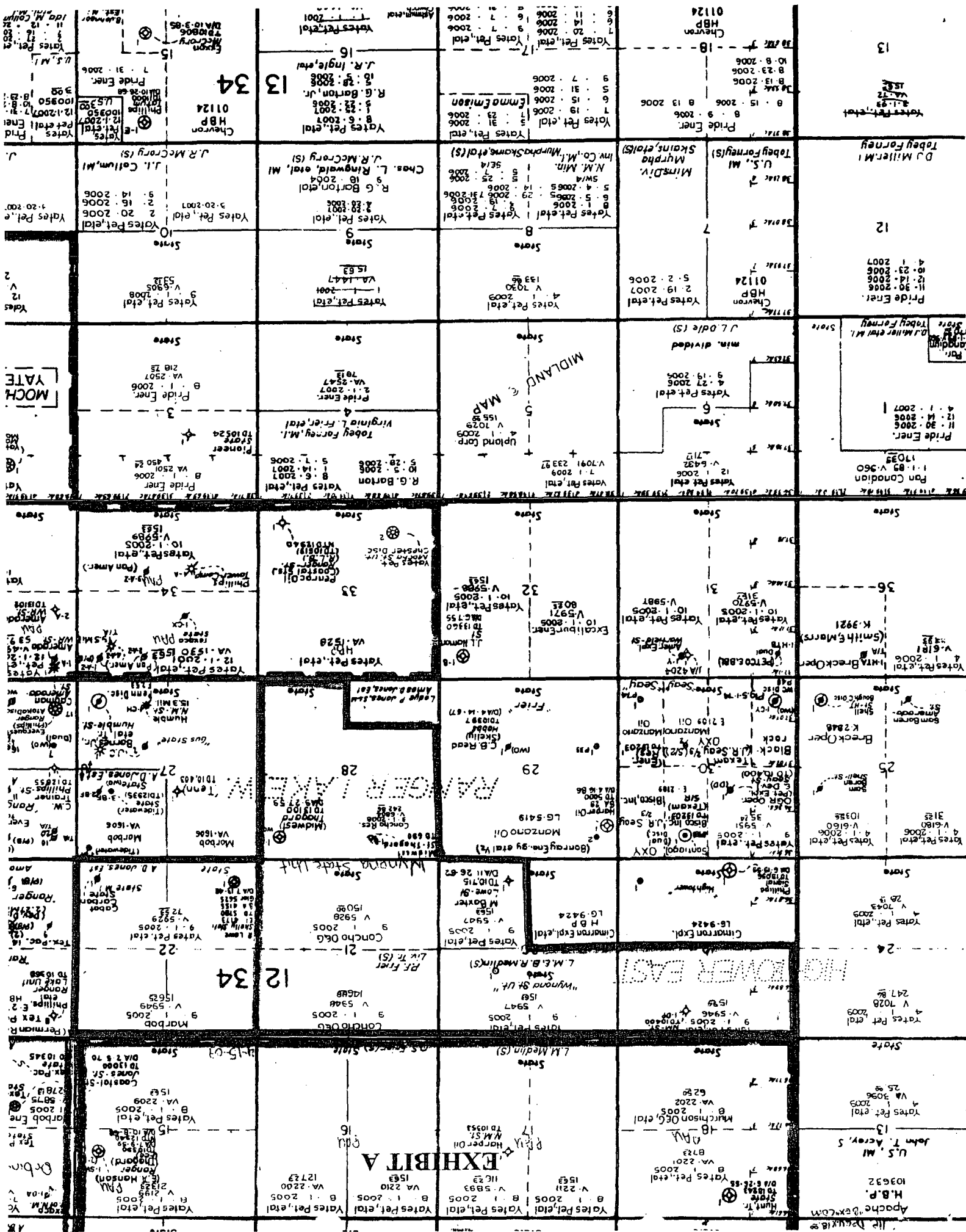


EXHIBIT "B" Wynona State Exploratory Unit

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST	
1.	T12S, R34E Sec. 19: N2 Lea County, NM	313.64	VO-5946 9/1/2005	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co Murchison Oil & Gas, Inc.	46.66% 6.67% 6.67% 6.67% 33.33%
2.	T12S, R34E Sec. 20: N2, SE4 Lea County, NM	480.00	VO-5947 9/1/2005	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co Murchison Oil & Gas, Inc.	46.66% 6.67% 6.67% 6.67% 33.33%
3.	T12S, R34E Sec. 21: N2 Lea County, NM	320.00	VO-5948 9/1/2005	State of New Mexico 1/6	Marbob Energy Corporation		Marbob Energy Corporation Chesapeake Permian LP Hugh E. Hanagan	80.00% 17.00% 3.00%
4.	T12S, R34E Sec. 21: S2 Lea County, NM	320.00	VO-5928 9/1/2005	State of New Mexico 1/6	Marbob Energy Corporation		Marbob Energy Corporation Chesapeake Permian LP Hugh E. Hanagan	80.00% 17.00% 3.00%
5.	T12S, R34E Sec. 22: N2 Lea County, NM	320.00	VO-5949 9/1/2005	State of New Mexico 1/6	Marbob Energy Corporation		Marbob Energy Corporation Chesapeake Permian LP Hugh E. Hanagan	80.00% 17.00% 3.00%
6.	T12S, R34E Sec. 22: S2 Lea County, NM	320.00	VO-5929 9/1/2005	State of New Mexico 1/6	Yates Petroleum Corporation		Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Sharbro Oil Ltd. Co Murchison Oil & Gas, Inc.	46.66% 6.67% 6.67% 6.67% 33.33%
7.	T12S, R34E Sec. 28: N2, N2S2, S2SE4 Lea County, NM	560.00	VO-6804 3/1/2008	State of New Mexico 1/6	Chesapeake Permian LP		Chesapeake Permian LP Liberty Energy Corporation	50.00% 50.00%

100% State Minerals Total Acres - 2633.64



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February 9, 2006

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

Attn: Mr. Robert Bullock

Re: 2006 Plan of Development
Wynona State Unit
Lea County, New Mexico

Dear Mr. Bullock:

The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

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

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

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

PL/JB/cpm
xc: Reader File

OCD,

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University



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January 24, 2006

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

Attn: Mr. Robert Bullock

Re: Wynona State Unit Well No. 1
NE/4NE/4 Sec. 20-12S-34E
Commercial Well Determination
Lea County, New Mexico

Dear Mr. Bullock:

We received your letter of January 13, 2006 together with data that supports your commercial determination regarding the Wynona State Unit Well No. 1.

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

Please submit your 2006 plan of development.

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
OCD-Attention: Mr. Roy Johnson

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Yates Petroleum Corporation
June 29, 2005
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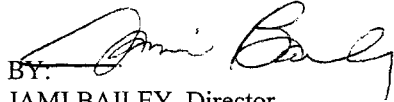
4. Order of the New Mexico Oil Conservation Division (OCD). Our approval will be conditioned upon subsequent favorable approval by the OCD.
5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement (if applicable).
7. Copies of all the well records for the initial unit well and any subsequent well.
8. The filing fee for a unit agreement is thirty dollars (\$30) for every section or partial section thereof; therefore a \$150 filing fee is required.

On your Exhibit "B", Tract No. 7, the Correct Lessee of Record for Lease No. V0-6804-2 is Chesapeake Permian LP.

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

cc: OCD-Santa Fe, Attention: Mr. Roy Johnson
William F. Carr