



13250

PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

May 9, 2006

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

Attn: Ms. Bonnie Floore

2006 Plan of Development
Oakridge State Exploratory Unit
Lea County, New Mexico

Dear Ms. Floore:

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

-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



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

RECEIVED

April 14, 2004

APR 15 2004

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

OIL CONSERVATION
DIVISION

Attention: Mr. Robert Bullock

Re: Preliminary Approval
Proposed Oakridge State Exploratory Unit
Lea County, New Mexico

Dear Mr. Bullock:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Oakridge State Exploratory Unit area, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Please be advised that our All State or State and Fee Exploratory Unit form has been revised. In future submittals, please make the following changes to the last paragraph of Article 9. Obligations of Unit Operator after Discovery of Unitized Substances: *Notwithstanding any of the provisions of this Agreement to the contrary, all undeveloped regular well spacing or proration unit tracts within the unit boundaries embracing lands of the State of New Mexico shall be automatically eliminated from this Agreement and shall no longer be a part of the unit or be further subject to the terms of this agreement unless at the expiration of five (5) years after the first day of the month following the effective date of this agreement diligent drilling operations are in progress on said tracts.*

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:
 - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.

Yates Petroleum Corporation

April 14, 2004


Page 2

- d. That such unit agreement is in other respects for the best interest of the trust.
3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement (if applicable).
7. Copies of all the well records for the initial unit well.
8. Your filing fee in the amount of \$210.00 has been received.
9. On Exhibit "B", Page 1, Tract No. 7, the correct acreage for Lease No. V0-5771 is 302.48 acres.
10. On Exhibit "B", Page 2, on the recapitulation the total acreage should be 4,092.36 acres.

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



PATRICK H. LYONS
COMMISSIONER

2005 SEP 13 PM 12 35
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

September 12, 2005

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

Attn: Mr. Robert Bullock

2005 Plan of Development
Oakridge State Exploratory 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 the Oil Conservation Division. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist. 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



-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 Salina Lands • Water Resources • Western New Mexico University



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

RECEIVED

MAY 03 2004

OIL CONSERVATION
DIVISION

April 29, 2004

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

Attn: Mr. Robert Bullock

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

Dear Mr. Bullock:

This office is in receipt of your letter of April 28, 2004, requesting final approval of the Oakridge State Exploratory Unit Agreement, Lea County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Oakridge State Exploratory Unit Agreement. The effective date of your agreement is April 29, 2004.

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

Enclosed are (5) Certificates of Approval.

Your \$210.00 filing fee has been received.

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

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: *John H Bemis*
JOHN BEMIS
Assistant Commissioner, Natural Resources
(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

RECEIVED

MAY 05 2004

OIL CONSERVATION
DIVISION

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

DATE	OCC CASE NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
------	--------------	------------------	-------	---------	---------------	-----------------------	------

EFFECTIVE 04/29/2004		4092.36	4092.36	0	0	STRICT	5 YEARS SO LONG AS
-------------------------	--	---------	---------	---	---	--------	-----------------------

APPROVALS

SLO--04-29-2004
OCD--04-23-2004 CASE NO. 13250
ORDER NO. R-12135

TOWNSHIP 11 SOUTH, RANGE 34E
SECTION 16: N/2
SECTION 17: ALL
SECTION 18: Lots 1, 2, 3, 4, E/2W/2, E/2
SECTION 19: Lots 1, 2, 3, 4, E/2W/2, E/2
SECTION 20: ALL
SECTION 30: Lots 1, 2, 3, 4, E/2W/2, E/2
SECTION 31: Lots 1, 2, 3, 4, E/2W/2, E/2

EXHIBIT A

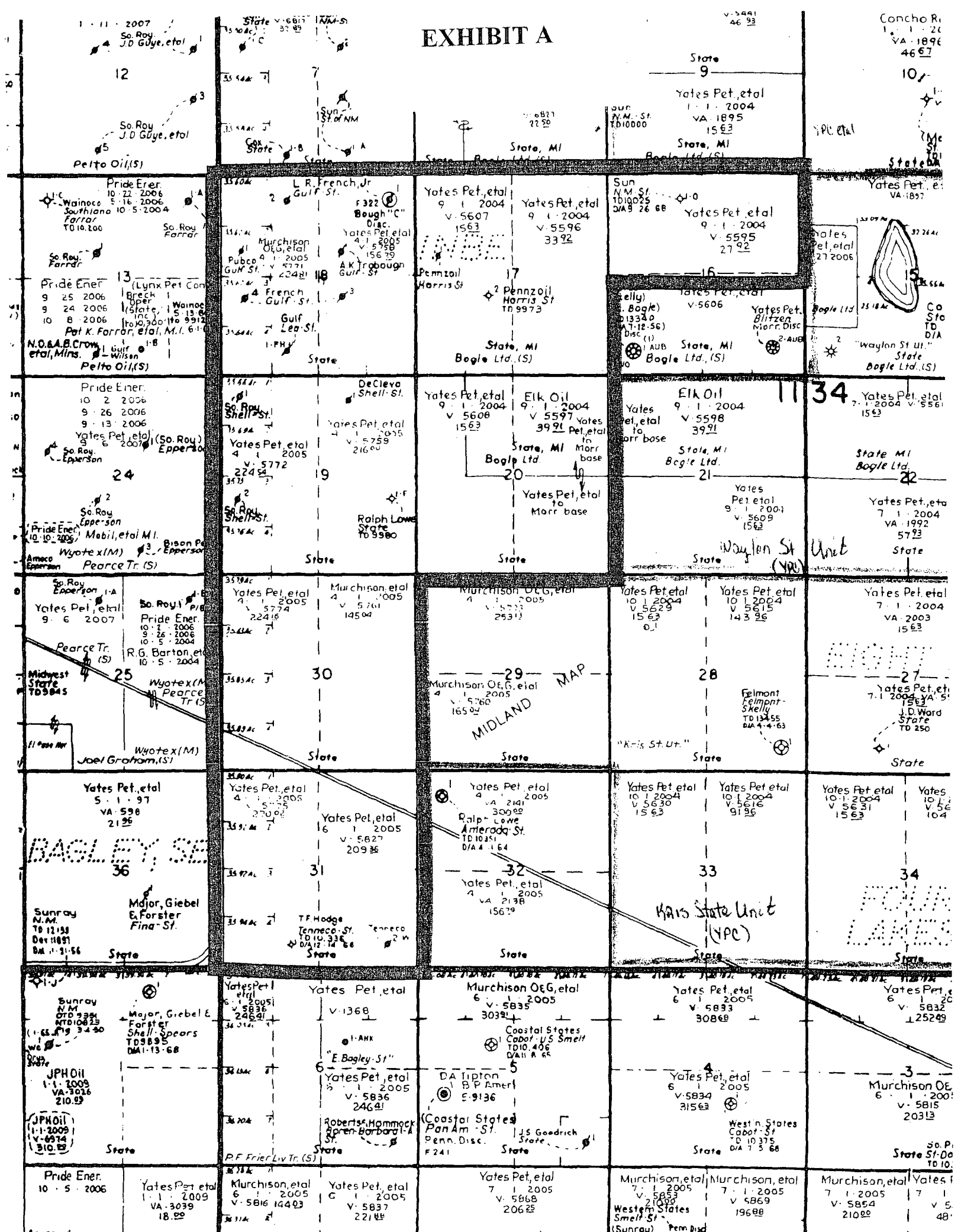


EXHIBIT "B"
Oakridge State Exploratory Unit
Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1.	T11S, R34E Sec. 16: N2 <i>PK</i>	320.00	VO-5595 9/1/04 <i>C.S.</i>	State of New Mexico 1/6	Yates Petroleum Corporation	None <i>4/6/04</i>	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. <i>4/6/04</i>
2.	T11S, R34E Sec. 17: E2	320.00	VO-5596 9/1/04 <i>C.S.</i>	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
3.	T11S, R34E Sec. 17: W2	320.00	VO-5607 9/1/04 <i>C.S.</i>	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
4.	T11S, R34E Sec. 20: W2	320.00	VO-5608 9/1/04 <i>C.S.</i>	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
5.	T11S, R34E Sec. 20: E2	320.00	VO-5697 9/1/04 <i>C.S.</i>	State of New Mexico 1/6	Yates Petroleum Corporation	8.25% Elk Oil Company	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
6.	T11S, R34E Sec. 18: E2	320.00	VO-5758 4/1/05 <i>C.S.</i>	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
7.	T11S, R34E Sec. 18: Lots 1, 2, 3, 4 E2W2	302.48	VO-5771 4/1/05 <i>C.S.</i>	State of New Mexico 1/6	Murchison Oil & Gas, Inc. <i>4-26-04</i>	None	Murchison Oil & Gas, Inc.
8.	T11S, R34E Sec. 19: Lots 1, 2, 3, 4, E2W2	302.84	VO-5772 4/1/05 <i>C.S.</i>	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.

EXHIBIT "B"
Oakridge State Exploratory Unit
Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
9.	T11S, R34E Sec 19, E2	320.00	VO-5759 4/1/05	State of New Mexico 1/6	Yates Petroleum Corporation 4-6-04	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
10.	T11S, R34E Sec. 30: Lots 1, 2, 3, 4 E2W2	303.36	VO-5774 4/1/05	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
11.	T11S, R34E Sec. 30: E2	320.00	VO-5761 4/1/05	State of New Mexico 1/6	Murchison Oil & Gas, Inc. 4-28-04	None	Murchison Oil & Gas, Inc.
12.	T11S, R34E Sec. 31: Lots 1, 2, 3, 4, E2W2	303.68	VO-5775 4/1/05	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
13.	T11S, R34E Sec. 31: E2	320.00	VO-5827 6/1/05	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
Total		4092.36					
State		4092.36					

RECEIVED

APR 04 2005

OIL CONSERVATION
DIVISION



State of New Mexico
Commissioner of Public Lands

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

PATRICK H. LYONS
COMMISSIONER

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

March 30, 2005

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

Attn: Mr. Robert Bullock

Re: Oakridge State Unit Well No. 2
SW/4SE/4 Sec. 20-11S-34E
Commercial Well Determination
Lea County, New Mexico

Dear Mr. Bullock:

We received your letter of March 25, 2005 together with data that supports your commercial determination regarding the Oakridge State Unit Well No. 2.

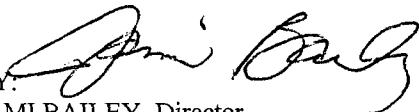
The Commissioner of Public Lands concurs with Yates Petroleum Corporation's determination that the above-mentioned well is a commercial well in the Morrow formation.

Please submit your 2005 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

-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