

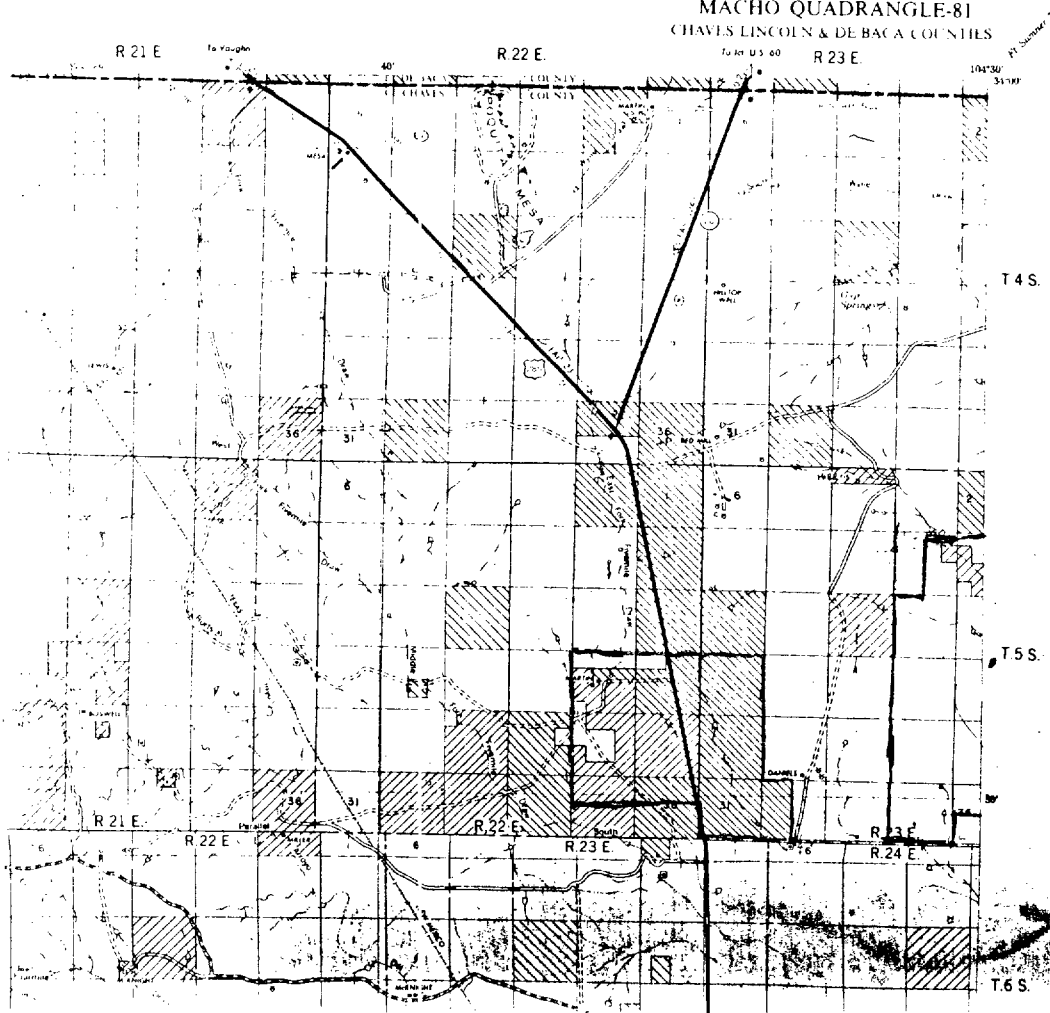
STATE LAND OFFICE

OF PUBLIC LANDS

STATE SURFACE AND MINERALS
STATE MINERALS
STATE SURFACE

STATE LAND STATUS MAP

MACHO QUADRANGLE-81
CHAVES LINCOLN & DE BACA COUNTIES



BIGAR ENERGY CORPORATION

3102 Maple Avenue • Suite 202 • Dallas, Texas 75201 • 214 671-6000

June 21, 1988

Mr. Mike Stogner
Oil Conservation Division
310 Old Sante Fe Trail
State Land Office Building, Room 206
Sante Fe, New Mexico 87504

Re: Proposed McKay Oil Corporation proposed Camp State Unit (Case #9381)
and West Fork Unit (Case #9380)

Dear Mr. Stogner:

In accordance with the incorrect instructions contained in the McKay Oil Corporation (MOC) letter to "All Interested Parties - Camp State Unit Area" I am writing to you to oppose both the Camp State Unit and the West Fork Unit, on behalf of myself and Bigar Energy Corporation. Although you informed me that I would have to be present, with counsel, in order to oppose the formation of these units, that is now logistically impossible. Had the MOC letter not been incorrect, perhaps intentionally so, I would have had adequate time to adjust my schedule as well as that of my attorney in order to be present. At the time of receipt of the MOC letter, I was in Switzerland and I had my secretary read the contents to me. As their letter indicated that the unit(s) could be opposed in writing, I felt that I was under no time pressure and would be able to handle this matter, by mail, upon my return.

The proposed formation of both the Camp State Unit and the West Fork Federal Unit seems to be motivated by MOC's lack of adherence to the drilling obligation of their leases destined to be contained within these units. MOC has been aware of the necessity of drilling a well to hold each State of New Mexico Lease, since the acquisition of these leases, almost ten years ago. Both Bigar Energy Corporation and I have lost rights to leases for the same failure to drill but, at no time did we attempt to circumvent the intent of these leases by attempting to form a State Unit.

Apparently, the only reason for MOC's attempt to form a State Unit, is monetary. MOC is aware that the value of the acreage to be contained in the proposed units is far greater than the lease bonus paid. If MOC is allowed to form these units, the only group to benefit would be MOC itself. This profit is clearly to be taken out of the pockets of the State of New Mexico.

Not only has MOC tried to profit, itself, to the detriment of the State of New Mexico, MOC is trying to profit by offering an exceptionally unfavorable deal to those who are asked to join. MOC is asking that potential participants dilute their interests by the high level of overrides already assigned from the MOC acreage, some of it to MOC itself. This is clearly neither fair nor just. Also, MOC is planning to re-enter a well on the Camp State Unit in which MOC paid only a percentage of drilling costs and to bill other participants for money never expended by MOC.

Mr. Mike Stogner
Oil Conservation Division

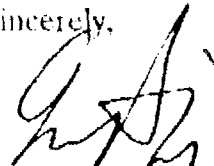
Current day, somewhat depressed, pricing is clearly not a cause for MOC to benefit by continuing to hold drilling rights on the subject acreage. Obviously the return on investment within the current market parameters has been sufficient to motivate MOC and Yates Petroleum to drill many wells. According to our records MOC and Yates have drilled over 100 wells during the past 2 years with similar gas prices.

In short, MOC's proposal for formation of both the Camp State Unit and the West Fork Federal Unit must not be approved for the following reasons:

1. MOC incorrectly notified interested parties, perhaps with the intent of lessening potential opposition. Bigar Energy Corporation would certainly have had a representative(s) present had it been notified correctly. This lack of adherence, alone, should be sufficient to either deny or delay all proceedings. If the notification was intentionally incorrect, appropriate disciplinary action should be undertaken. MOC's mis-notification, if tolerated, will result in the abrogation of certain rights of opposition for affected parties.
2. There is no clear justification for the formation of either unit aside from avarice (at the expense of the State of New Mexico and other parties). Joining either unit would result in a biased and unfair dilution of participants' interest.
3. Approval of either unit would deny all interested parties the opportunity to again bid for the subject leases in a competitive environment. MOC has had more than ample opportunity to develop these leases and has failed to do so in spite of the more than ample rate of return yielded even at the semi-depressed current day pricing structure.

I appreciate being able to make my thoughts and my opposition a part of the record for these proceedings and I hope that the benefits to the people of the State of New Mexico are not permitted to take a back seat to the business interests of McKay Oil Corporation.

Sincerely,



George C. J. Bigar
President

G/CJB/sre
ref:STOGNER

Phoned in at 12:50 p.m. on June 21, 1988

Case No. 9381

Telegram No. 401-290-8S173

Place on record immediately regarding McKay Oil Corporation
Camp State Unit, T5S, R22 and 23E, NMPM, Chaves County, New
Mexico.

Please be advised that we hereby do not agree to participate
in the formation of the above unitization project. We have
an existing contract with McKay Oil Corporation.

S/Eddie Jean Moats

P. Stuart Moats

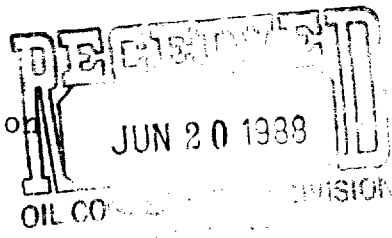
Wife and Husband, respectively

703 S. Plains Park Drive

Roswell, New Mexico 88201

June 17, 1988

Oil Conservation Corporation
P.O. Box 2088
Santa Fe, N.M. 87504-2088



9381

Dear Sir:

We have no objections to the formation of "Camp State Unit Area" or "West Fork Unit Area", But do not want any mineral rights owned by "Martin" interesr in T4S and T5S Range 22E and 23E involved in these units. Our percentages are do small that we want to keep the mineral rights connected to other interest we have in these areas. The "Martin" interest includes both Jerry Don Martin Charlie Martin and their wives. Also S Martin Ranch Inc. (Mary Margret (Martin) Dansby and her son Kennith Dansby.

Thank You

A handwritten signature in cursive script that reads "Jerry Don Martin".

Jerry Don Martin
Dunlap Rt. Box 1130
Roswell, N.M. 88201

505 623 5996

BIGAR ENERGY CORPORATION

3102 Maple Avenue • Suite 202 • Dallas, Texas 75201 • 214-871-6090

June 21, 1988

Mr. Mike Stogner
Oil Conservation Division
310 Old Sante Fe Trail
State Land Office Building, Room 206
Sante Fe, New Mexico 87504

Re: Proposed McKay Oil Corporation proposed Camp State Unit (Case #9381)
and West Fork Unit (Case #9380)

Dear Mr. Stogner:

In accordance with the incorrect instructions contained in the McKay Oil Corporation (MOC) letter to "All Interested Parties - Camp State Unit Area" I am writing to you to oppose both the Camp State Unit and the West Fork Unit, on behalf of myself and Bigar Energy Corporation. Although you informed me that I would have to be present, with counsel, in order to oppose the formation of these units, that is now logistically impossible. Had the MOC letter not been incorrect, perhaps intentionally so, I would have had adequate time to adjust my schedule as well as that of my attorney in order to be present. At the time of receipt of the MOC letter, I was in Switzerland and I had my secretary read the contents to me. As their letter indicated that the unit(s) could be opposed in writing, I felt that I was under no time pressure and would be able to handle this matter, by mail, upon my return.

The proposed formation of both the Camp State Unit and the West Fork Federal Unit seems to be motivated by MOC's lack of adherence to the drilling obligation of their leases destined to be contained within these units. MOC has been aware of the necessity of drilling a well to hold each State of New Mexico Lease, since the acquisition of these leases, almost ten years ago. Both Bigar Energy Corporation and I have lost rights to leases for the same failure to drill but, at no time did we attempt to circumvent the intent of these leases by attempting to form a State Unit.

Apparently, the only reason for MOC's attempt to form a State Unit, is monetary. MOC is aware that the value of the acreage to be contained in the proposed units is far greater than the lease bonus paid. If MOC is allowed to form these units, the only group to benefit would be MOC itself. This profit is clearly to be taken out of the pockets of the State of New Mexico.

Not only has MOC tried to profit, itself, to the detriment of the State of New Mexico, MOC is trying to profit by offering an exceptionally unfavorable deal to those who are asked to join. MOC is asking that potential participants dilute their interests by the high level of overrides already assigned from the MOC acreage, some of it to MOC itself. This is clearly neither fair nor just. Also, MOC is planning to re-enter a well on the Camp State Unit in which MOC paid only a percentage of drilling costs and to bill other participants for money never expended by MOC.

Mr. Mike Stogner
Oil Conservation Division

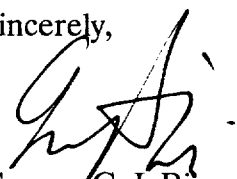
Current day, somewhat depressed, pricing is clearly not a cause for MOC to benefit by continuing to hold drilling rights on the subject acreage. Obviously the return on investment within the current market parameters has been sufficient to motivate MOC and Yates Petroleum to drill many wells. According to our records MOC and Yates have drilled over 100 wells during the past 2 years with similar gas prices.

In short, MOC's proposal for formation of both the Camp State Unit and the West Fork Federal Unit must not be approved for the following reasons:

1. MOC incorrectly notified interested parties, perhaps with the intent of lessening potential opposition. Bigar Energy Corporation would certainly have had a representative(s) present had it been notified correctly. This lack of adherence, alone, should be sufficient to either deny or delay all proceedings. If the notification was intentionally incorrect, appropriate disciplinary action should be undertaken. MOC's mis-notification, if tolerated, will result in the abrogation of certain rights of opposition for affected parties.
2. There is no clear justification for the formation of either unit aside from avarice (at the expense of the State of New Mexico and other parties). Joining either unit would result in a biased and unfair dilution of participants' interest.
3. Approval of either unit would deny all interested parties the opportunity to again bid for the subject leases in a competitive environment. MOC has had more than ample opportunity to develop these leases and has failed to do so in spite of the more than ample rate of return yielded even at the semi-depressed current day pricing structure.

I appreciate being able to make my thoughts and my opposition a part of the record for these proceedings and I hope that the benefits to the people of the State of New Mexico are not permitted to take a back seat to the business interests of McKay Oil Corporation.

Sincerely,



George C. J. Bigar
President

GCJB/sre
ref:STOGNER

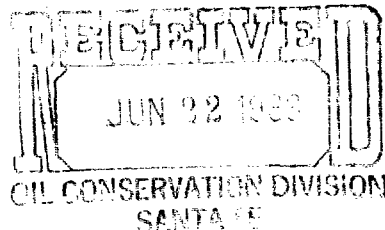
C STUART MOATS
703 SOUTH PLAINS PARK DR
ROSWELL NM 88201 21AM

Western
Union Mailgram®



4-012908S173003 06/21/88 ICS IPMRNCZ CSP AQBA
2 5056237700 MGM TDRN ROSWELL NM 06-21 1146A EST

► CHAIRMAN BILL LEMAY
OIL CONSERVATION COMMISSION
PO BOX 2088
SANTA FE NM 87504-2088



THIS IS A CONFIRMATION COPY OF A TELEGRAM ADDRESSED TO YOU:

PLACE ON RECORD IMMEDIATELY

REGARDING: MC KAY OIL CORPORATION, CAMP STATE UNIT AREA T-5-S,
R-22-23-E, NMPM CHAVEZ COUNTY, NM

PLEASE BE ADVISED THAT WE HEREBY DO NOT AGREE TO PARTICIPATE IN THE
FORMATION OF THE ABOVE UNITIZATION PROJECT. WE HAVE A EXISTING
CONTRACT WITH MC KAY OIL CORPORATION
RESPECTFULLY

BETTY JEAN MOATS
C. STUART MOATS
WIFE AND HUSBAND RESPECTIVELY
703 SOUTH PLAINS PARK DR
ROSWELL NM 88201

11:46 EST

— MGMCOMP



RAY B. POWELL
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

9381

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 28, 1993

McKay Oil Corporation
P. O. Box 2014
Roswell, New Mexico 88202

Attn: Mr. James L. Schultz

Re: Termination of Camp State Unit
Effective June 29, 1993
Chaves County, New Mexico

Dear Mr. Schultz:

A review of the Camp State Unit agreement reveals that this unit was approved effective June 29, 1988. The unit area contains 5,453.34 acres which were being held by the successful completion of the Camp State Unit Well No. 1-J, Section 25, Township 5 South, Range 22 East, Chaves County, New Mexico. This well is located on State Lease No. LG-5563-3.

Our records also reflect the following:

1. The Camp State Unit Well No. 1 was completed and shut-in on August 22, 1988 in the Abo formation. Current NMOCDC well reports reflect that this gas well is dedicated to a 160.00 acre proration unit consisting of the SE $\frac{1}{4}$ of Section 25-5S-22E.
2. By your letter of February 8, 1989, you determined that the Camp State Unit Well No. 1 was a commercial well in the Abo formation.
3. Our letter of February 15, 1989, concurred with your determination that the Camp State Unit Well No. 1 was a commercial producer.
4. No other wells have been drilled by McKay Oil Corporation within the unit area.
5. As of this date the Camp State Unit Well No. 1 remains shut-in.
6. Our records reveal that the last shut-in royalty payment received was paid on Lease No. LG-5563-3. This shut-in payment was received on January 24, 1990, and was applied for the period of July 1, 1990 to July 1, 1991.

McKay Oil Corporation
Camp State Unit Termination
October 28, 1993
Page 2

7. As of this date, no other shut-in royalty payments have been received for either LG-5563 or any other lease committed to this agreement.
8. Pursuant to Article 9 of the Camp State Unit Agreement, all undeveloped regular well spacing or proration unit tracts within the unit boundaries were automatically eliminated from the unit agreement effective June 29, 1993.
9. Because of the strict segregation clause in the Camp State Unit, the unit's remaining acreage is on Lease No. LG-5563-3, being the pro-ration unit location of your initial well, and is described as the SE $\frac{1}{4}$ of Section 25-5S-22E containing 160.00 Acres.

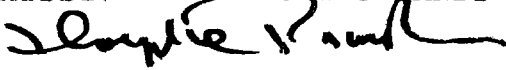
In addition to the above, Article 17. Effective Date and Term, of the unit agreement provides for the unit agreement to remain in effect for 5 years after approval of said unit and to remain in effect "so long as unitized substances are being produced in paying quantities from the unitized land . . ." Since the Camp State Unit Well No. 1 is currently not producing and no recent shut-in royalty payments have been paid on any leases committed to the unit, the Camp State Unit Agreement is no longer in effect and all leases committed to this agreement including LG-5563 have been expired effective June 29, 1993.

Please notify all interested 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,

RAY B. POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil, Gas and Minerals Division
(505) 827-5744
RBP/FOP/PM

cc: Reader File

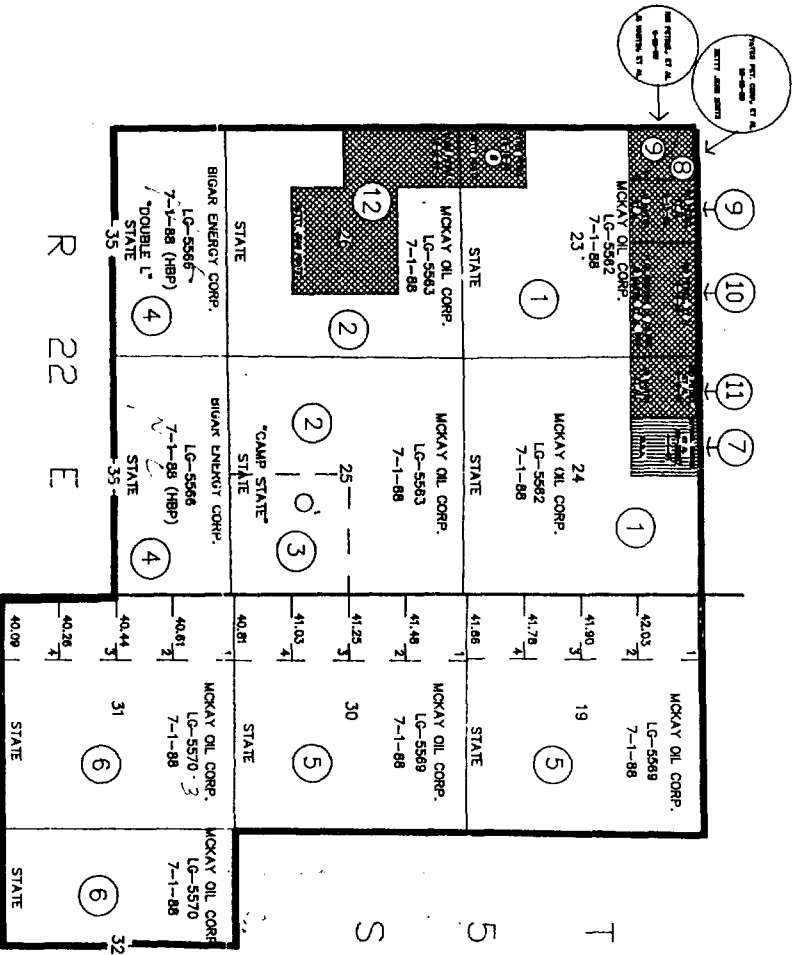
OCD

TRD

BLM-Roswell Attn: Mr. Gary Gourley

EXHIBIT "A"

CAMP STATE UNIT AREA CHAVES COUNTY, N.M.



TERMINATED
EFFECTIVE DATE 6/24/93
APPROVAL DATE 10/28/93

- UNIT OUTLINE
- TRACT NUMBER
- FEDERAL LANDS - 4000 ACRES, 7% OF UNIT AREA
- STATE OF NEW MEXICO LANDS - 4,933.34 ACRES, 90.5% OF UNIT AREA
- FEE (PATENTED) LANDS - 48000 ACRES, 8.8% OF UNIT AREA
- TOTAL 54533.34 ACRES, 100% OF UNIT AREA
- DRILLED TO AND NOT TESTED, NOT COMPLETED

Unit Name Camp State Unit Agreement
 Operator McKay Oil Corporation
 County Chaves County, New Mexico

DATE	OCC CASE NO. 9381	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO. R-8682							
OCD: June 29, 1988		June 29, 1988	5,453.34	4,933.34	40.00	-0-	480.00	Strict
CPL: June 29, 1988								5 yrs and so long as

UNIT AREA

TOWNSHIP 5 SOUTH, RANGE 22 EAST, N/2

Sections: 23, 24, 25, 26: All

Section 35: N/2

Section 36: N/2

TOWNSHIP 5 SOUTH, RANGE 23 EAST N/2

Sections: 19, 30, 31: All

Section: 32: W/2

TERMINATED
 EFFECTIVE DATE 6/29/93
 APPROVAL DATE 10/29/93

EXHIBIT "B"

Page 1

Schedule of Lands and Leases Lying within the Camp State Unit Area, Chaves County, New Mexico

Township 5 South, Range 22 & 23 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE
-----------	------------------	--------------	-------------------------	---------------------------	-------------------------------	----------------	-----------------------

STATE OF NEW MEXICO LANDS

1. T5S-R22E

Section 23:

S/2N/2, N/2S/2,
SE/4SM/4, S/2SE/4

1,000.00

LG-5562-3
7-01-88

State of N.M.-12.5% McKay Oil Corporation

100%

C. Richard Overly-.16605%, McKay Oil Corporation
William C. Longquist, Jr.-.16605%, McKay Children's Trust
LOG Partners 6.25-8.8%

Section 24:

NE/4, S/2NW/4, S/2

1,000.00

LG-5562-3
7-01-88

State of N.M.-12.5% McKay Oil Corporation

100%

C. Richard Overly-.16605%, McKay Oil Corporation
William C. Longquist, Jr.-.16605%, McKay Children's Trust
LOG Partners 6.25-8.8%

2. T5S-R22E

Section 25:

N/2, SW/4
N/2NE/4, SE/4NE/4,
S/2S/2, NE/4SE/4
NE/4NW/4, NW/4SW/4

880.00

LG-5563-3
7-01-88State of N.M.-12.5% McKay Oil Corporation
and The McKay Children's Trust

100%

C. Richard Overly-.16605%, McKay Oil Corporation
William C. Longquist, Jr.-.16605%, McKay Children's Trust
LOG Partners 6.25-8.8%

Section 26:

N/2, SW/4
N/2NE/4, SE/4NE/4,
S/2S/2, NE/4SE/4
NE/4NW/4, NW/4SW/4

880.00

LG-5563-3
7-01-88State of N.M.-12.5% McKay Oil Corporation
and The McKay Children's Trust

100%

C. Richard Overly-.16605%, McKay Oil Corporation
William C. Longquist, Jr.-.16605%, McKay Children's Trust
LOG Partners 6.25-8.8%

C. Richard Overly-.16605%, McKay Oil Corporation
 William C. Longquist, Jr.-.16605%, McKay Children's Trust
 LOG Partners 6.25-8.8%
 Melvin & Marvin Wolf-9%, 6.25-8.8%
 Gary Mitchell-.66667%, 6.25-8.8%
 Ernest Otto-.33333%, 6.25-8.8%
 McKay Oil Corp.-2.094997%, 6.25-8.8%
 Royale Energy Company-.75%, 6.25-8.8%

EXHIBIT "B"

Page 2

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
3. TSS-R22E							
Section 25: SE/4		160.00	LG-5563-3 7-01-88	State of N.M.-12.5%	McKay Oil Corporation and The McKay Children's Trust	100%	61.156% 21.094% .25% 7.5% 5.0% 5.0%
					C. Richard Overly-.16605%, William C. Longquist, Jr., -16605%, Mittis H. Oakes-.02187%, Gayle A. Dalton-.00729%, Milton R. Fry-.04374%, Melvin & Marvin Wolf-9%, Gary Mitchell--66667%, Ernest Otto-.33333%, McKay Oil Corp.-12.095%	McKay Oil Corporation The McKay Children's Trust Oil Search Corporation May Petroleum, Inc. Cumo Resources, Inc. Fuller Petroleum, Inc.	
4. TSS-R22E							
Section 35: N/2		640.00	LG-5566 7-01-88 (WPT)	State of N.M.-12.5%	Inexco Oil Company	100%	Bigar Energy Corporation
Section 36: N/2							100%

EXHIBIT "B"

Page 3

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE		
5.	TSS-R23E								
Section 19:	Lots 1(42.03), 2(41.90) 3(41.78), 4(41.66), E/2, E/2W/2 (a11)	1,291.94	LG-5569-3 7-01-88	State of N.M.-12.5%	McKay Oil Corporation	100%	C. Richard Overly-.16605%, William C. Longquist, Jr. -16605%, Milton R. Fry-.04374%, Melvin & Marvin Wolf-.9%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.094997%, Royale Energy Company-.75%	McKay Oil Corporation McKay Children's Trust LOG Partners	51.875% 41.875% 6.25%
Section 30:	Lots 1(41.48), 2(41.25), 3(41.03), 4(40.81), E/2, E/2W/2 (a11)								
6.	TSS-R23E								
Section 32:	W/2	961.40	LG-5570-3 7-01-88	State of N.M.-12.5%	McKay Oil Corporation	100%	C. Richard Overly-.16605%, William C. Longquist, Jr. -16605%, Milton R. Fry-.04374%, Melvin & Marvin Wolf-.9%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.094997%, Royale Energy Company-.75%	McKay Oil Corporation McKay Children's Trust LOG Partners	51.875% 41.875% 6.25%
Section 31:	Lots 1(40.61), 2(40.44), 3(40.26), 4(40.09), E/2, E/2W/4 (a11)								

TOTAL STATE OF NEW MEXICO LANDS, 6 TRACTS, 4,933.34 ACRES

EXHIBIT "B"

Page 4

ACT 0.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	HI OWNER & PERCENTAGE
FEDERAL LANDS							
7. T55-R22E Section 24: NE/4NW/4		40.00	NM-38867 3-31-91	USA - 12.5%	Kaiser Energy Inc. Mitchell Energy Corporation	50% none	Kaiser Energy Inc. Mitchell Energy Corporation
							50%

TOTAL FEDERAL LANDS, 1 TRACT, 40.00 ACRES

ACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE

FEE (PATENTED) LANDS

8. TSS-R22E	Section 23:	57.20	12-18-89	Betty Jean Meats - 12.5%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Estate of Martin Yates III	40% 20% 20% 20%	none	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Estate of Martin Yates III	40% 20% 20% 20%
	SW/4SW/4, NW/4NW/4 except therefrom the following described tract: Beginning at the northeast corner of said NW/4NW/4, thence south to the southeast corner of said NW/4NW/4, then west 250 feet, thence north 36° 56' west, 220 feet, thence north 37° 14' west, 1,340 feet, thence north 65° 10' west, 195 feet, to subdivision line, thence north 40 feet to the northwest corner of said NW/4NW/4, thence east to the point of beginning and containing 22.8 acres.								

3. T55-R22E
Section 23: NE/4NW/4, and the following 62.80 6-15-89

Jerry Don Martin & wife Maneta and Ronald Charles Martin & wife Betty Martin	Rio Petroli, Inc. Stevens Oil Company Stevens Resources John D. Cadigan	54% 30% 10% 6%	Sam D. Gardiner - 1%	Rio Petroli, Inc. Stevens Oil Company Stevens Resources John D. Cadigan	54% 30% 10% 6%
--	--	-------------------------	----------------------	--	-------------------------

the southeast corner of said NW/4NW/4, then west 250 feet, thence north 36° 56' west, 220 feet, thence north 37° 14' west, 1,340 feet, thence north 65° 10' west, 195 feet, to subdivision line, thence north 40 feet to the northwest corner of said NW/4NW/4, thence east to the point of beginning and containing 22.8 acres.

ACT	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE
3.							
3.	T5S-R22E Section 23: N/2NE/4	80.00					
		(40.00)	open *	Flag-Redfern Oil Co.			Unleased
		(40.00)	6-15-89	Jerry Don Martin & wife Haneta and Ronald Charles Martin & wife Betty S. - 12.5%	Rio Petrol, Inc. Stevens Oil Company Stevens Resources John D. Cadigan	54% 30% 10% 6%	Sam D. Gardiner - .50% Rio Petrol, Inc. Stevens Oil Company Stevens Resources John D. Cadigan
							27% 15% 5% 3%
							100%
1.	T5S-R22E Section 24: NW/4NW/4	40.00	6-15-89	Jerry Don Martin wife Haneta and Ronald Charles Martin & wife Betty S. - 12.5%	Rio Petrol, Inc. Stevens Oil Company Stevens Resources John D. Cadigan	54% 30% 10% 6%	Sam D. Gardiner - 1% Rio Petrol, Inc. Stevens Oil Company Stevens Resources John D. Cadigan - 6%
							54% 30% 10% 6%
							100%

* open refers to unleased minerals interests

EXHIBIT "g"

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
-----------	------------------	--------------	-------------------------	---------------------------	-------------------------------	----------------	-----------------------

12. T5S-R22E
Section 26: W/2NW/4, SE/4NW/4,
NE/4SW/4, SW/4NE/4,
NW/4SE/4

240.00 12-18-89

Betty Jean Moats -
12.5%

Yates Petroleum Corporation 40%
Yates Drilling Company 20%
ABO Petroleum Corporation 20%
Estate of Martin Yates III 20%

none

Yates Petroleum Corporation 40%
Yates Drilling Company 20%
ABO Petroleum Corporation 20%
Estate of Martin Yates III 20%

100%

TOTAL FEE (PATENTED) LANDS, 5 TRACTS, 480.00 ACRES

RECAPITULATION

STATE LANDS	4,933.34 ACRES	90.5% OF UNIT AREA
FEDERAL LANDS	40.00 ACRES	0.7% OF UNIT AREA
FEE LANDS	480.00 ACRES	8.8% OF UNIT AREA
TOTAL UNIT ACREAGE	5,453.34 ACRES	100% OF UNIT AREA

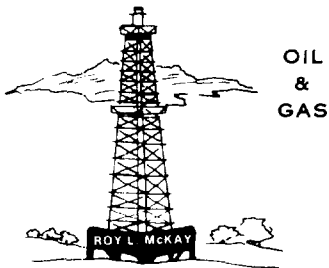
9-21-95

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



May 7, 1993

Joe G. Lara
Assistant District Manager, Minerals
Bureau of Land Management
P.O. Box 1397
Roswell, New Mexico 88201-1397

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

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

REFERENCE: Plan of Development
Camp State Unit
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation, as Unit Operator of the Camp State Unit Agreement dated May 1, 1988, pursuant to the provisions of Section 9 thereof, respectfully submits for your approval this Plan of Development describing all anticipated unit operations for the next twelve months.

SUMMARY OF 1992 OPERATIONS:

The Camp State Unit Well remains shut in. The natural gas market prices through 1992 were not significant enough to entice Transwestern/Enron or El Paso to construct a pipeline to this well.

Bureau of Land Management
Commissioner of Public Lands
Oil Conservation Division
May 7, 1993
page 2 of 2

PLAN OF DEVELOPMENT - 1993:

McKay Oil Corporation is currently reviewing the geology in the unit area to determine additional drillsites for unit wells, with the possibility of staking a well in the unit area later in 1993. This well will be drilled if the market for natural gas increases in 1993, the price for natural gas increases and stabilizes, and a pipeline is available for immediate connection of the well.

No changes in the Unit Area was made in 1992.

McKay Oil Corporation respectfully requests approval of this Plan of Development for 1993.

Very truly yours,

MCKAY OIL CORPORATION

A handwritten signature in dark ink, appearing to read "Bill J. Milstead", is written over a circular embossed seal. The signature is fluid and cursive.

Bill J. Milstead
Manager - Land



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

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

SLO REF NO. OG-1307

May 24, 1993

McKay Oil Corporation
P.O. Box 2014
Roswell, New Mexico 88202

Attn: Mr. Bill J. Milstead

Re: 1993 Plan of Development
Camp State Unit
Chaves County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development. 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.

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

Very truly yours,

RAY B. POWELL, JR.
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

RBP/FOP/pm
cc: OCD ✓
BLM



JIM BACA
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

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

#9381
SLO REF NO. OG-1101

March 23, 1992

McKay Oil Corporation
P.O. Box 2014
Roswell, NM 88202

Attn: Mr. James L. Schultz

Re: 1991 Plan of Development
Camp State Unit
Chaves County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development. 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.

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

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

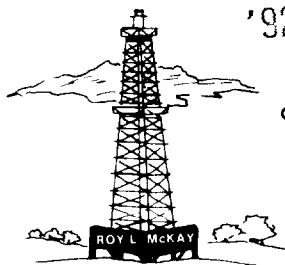
JB/FOP/pm
cc: OCD
BLM

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



March 26, 1992

3-31-92
D-Unit letter
The Ry

Floyd O. Prando, Director
Oil and Gas Division
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Plan of Development
Camp State Unit
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation, as Unit Operator of the Camp State Unit Agreement dated May 1, 1988, pursuant to the provisions of Section 9 thereof, respectfully submits for your approval this Plan of Development describing all anticipated unit operations for the next twelve months.

SUMMARY OF 1991 OPERATIONS:

McKay Oil Corporation proposed to drill a second well within the unit boundaries during the 1991 year, however, due to the inability of the nearest pipeline, Transwestern/Enron, to take gas, the plans for this well have been delayed until the gas market warrants further development.


PLAN OF DEVELOPMENT - 1992

McKay Oil Corporation proposes to drill the above mentioned well, which is located within the unit boundaries during the next twelve months.

Page 2 of 2
Oil and Gas Division
Oil Conservation Division
March 26, 1992

McKay Oil Corporation continues to experiment with horizontal drilling technology in the Abo formation in wells located in the vicinity of the unit. The success of this technology will directly effect the development of this unit.

McKay Oil Corporation respectfully requests your approval of this Plan of Development and Summary of Operations for the Camp State Unit.



James L. Schultz
V.P. Land & Legal
MCKAY OIL CORPORATION

JLS/ml



State of New Mexico
Commissioner of Public Lands

#9381

W. R. Humphries
COMMISSIONER

Advisory Board

George Clark
Chairman

Kristin Conniff
Vice Chairman

Melvin Cordova

Joe Kelly

Robert Portillos

Nancy Lynch Vigil

Rex Wilson

April 6, 1990

McKay Oil Corporation
P.O. Box 2014
Roswell, New Mexico 88202

ATTN: Mr. James L. Schultz

RE: ~~Camp State Unit,~~
Chaves County, New Mexico
1990 Plan of Development

Gentlemen:

The Commissioner of Public Lands has this date approved the 1990 Plan of Development for the Camp State Unit. 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. 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 Susan Howarth at (505) 827-5791.

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

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

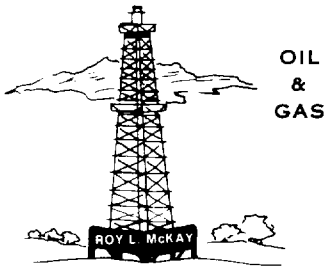
WRH/FOP/SMH

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



March 22, 1990

Floyd O. Prando, Director
Oil and Gas Division
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

3-26-90
D- Unit letter
Thx R_y

Oil Conservation Division
New Mexico Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Plan of Development
~~Camp State Unit~~
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation, as Unit Operator of the Camp State Unit Agreement dated May 1, 1988, pursuant to the provisions of Section 9 thereof, respectfully submits for your approval this Plan of Development describing all anticipated unit operations for the next twelve months.

SUMMARY OF 1989 OPERATIONS:

McKay Oil Corporation proposes to drill a second well within the unit boundaries during the 1989 year, however, the drilling location of said well could not be determined until seismic information could be obtained and analyzed. Seismic testing was completed and analyzed with the next location to be located 660 FWL and 660 FSL in Section 26, Township 5 South, Range 23 East, NMPM.

The Unit Well, Camp State Unit #1, was not connected to a pipeline based on the price of gas for the year 1989 and the inability of the nearest pipeline, Transwestern/Enron, to take gas.

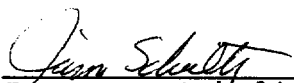
page 2 of 2
Oil and Gas Division
New Mexico Dept. of Energy & Minerals
March 21, 1990

PLAN OF DEVELOPMENT - 1990

McKay Oil Corporation proposes to drill the above mentioned well, which is located within the unit boundaries during the next twelve months.

McKay Oil Corporation is presently experimenting with horizontal drilling technology in the Abo formation in a well located approximately 4 miles west of the Unit. At the time of this report, approximately 150 feet of horizontal hole has been drilled in the Abo formation and all preliminary indications are that this technology would increase the total recoverable reserves by 400%. Although there are not any flow or pressure rates available at this time, it is anticipated that this technology will be used on the above mentioned well to be drilled.

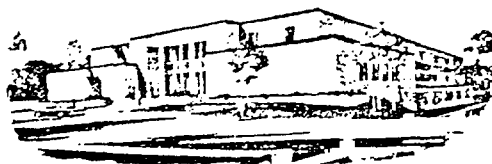
McKay Oil Corporation respectfully requests your approval of this Plan of Development and Summary of Operations for the Camp State Unit.



James L. Schultz
V.P. Land & Legal
MCKAY OIL CORPORATION

JLS/ml

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

May 3, 1989

McKay Oil Corporation
P.O. Box 2014
Roswell, New Mexico 88202

9381

ATTN: Sharon R. Hamilton

RE: 1989 Plan of Development
Camp State Unit
Chaves County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned 1989 Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files. If we may be of further help, please do not hesitate to contact us.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

W.R. Humphries

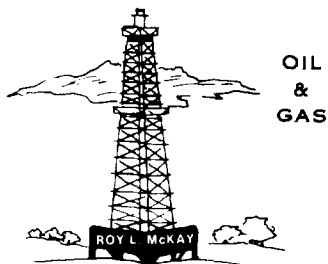
BY: FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



May 1, 1989

Floyd O. Prando, Director
Oil and Gas Division
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

RECEIVED

MAY - 2 1989

OIL CONSERVATION DIV.
SANTA FE

*D -
Unit letter
TH
109*

1989
Re: 1 Plan of Development
Camp State Unit
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation, as Unit Operator of the Camp State Unit Agreement dated May 1, 1988, pursuant to the provisions of Section 9 thereof, respectfully submits for your approval this Plan of Development describing all anticipated unit operations for the next twelve months.

SUMMARY OF 1988 OPERATIONS:

The required unit well have been completed as follows:

Camp State Unit Well #1, located 1980' FSL & 1980' FEL, SE/4 Section 25-5S-22E	Total Depth Drilled: 3,650'
Spud Date: 6-30-82	Completion Date: 8-22-88
Current Status: WOGC	First Production: 12-20-88
Producing Interval: 3,210' - 3,343'	Abo Formation
Top of Abo Formation: 3,128'	

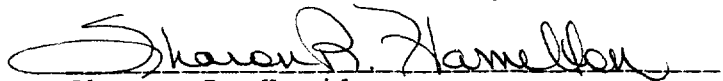
The Camp State Unit received Commercial Well Determination based on the reserve calculations from the Camp State Unit Well #1 in February, 1989. Said well is currently shut-in, waiting construction of a pipeline gathering system.

Camp State Unit
1989 Plan of Development
Page 2

PLAN OF DEVELOPMENT - 1989

McKay Oil Corporation proposes to drill a second well within the unit boundaries during the next twelve months. The exact drilling location of said well has not been determined to date. Said location will be subject to geologic evaluation and pipeline availability.

McKay Oil Corporation respectfully requests your approval of this Plan of Development and Summary of Operations for the Camp State Unit.

A handwritten signature in cursive script, reading "Sharon R. Hamilton", is written over a horizontal line.

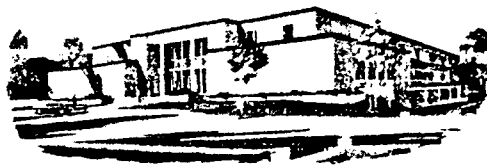
Sharon R. Hamilton
Land Coordinator
McKAY OIL CORPORATION

/st

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

February 15, 1989

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

McKay Oil Corporation
Attn: Ms. Sharon R. Hamilton
P. O. Box 2014
Roswell, New Mexico 88202

#9381

Re: Camp State Unit Well No. 1
Commercial Determination
Chaves County, New Mexico

Gentlemen:

This office is in receipt of your letter of February 8, 1989, wherein, as unit operator of the Camp State Unit, you have determined that the Camp State Unit Well No. 1 is a commercial producer.

Based upon the data submitted, the Commissioner of Public Lands concurs with your determination that the Camp State Unit Well No. 1 is a commercial well and should be produced on a unit basis.

As per article 9 of your agreement, please submit a plan of development for the next twelve months period.

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) 827-5744

WRH/FOP/pm
encls.
cc: OCD



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

June 29, 1988

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

Mr. Randolph M. Richardson
P. O. Box 2423
Roswell, New Mexico 88201

Re: Approval of Camp State Unit,
Chaves County, New Mexico

Dear Mr. Richardson:

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Camp State Unit Agreement, Chaves County, New Mexico. The effective date of this agreement is June 29, 1988. It is our understanding that tract nos. 4, 7, 8, 9, 10, 11 and 12 are not committed at this time. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed are Five (5) Certificates of Approval.

Your filing fee in the amount of \$300.00 Dollars 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) 827-5744

WRH/FOP/pm
encls.

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

State of New Mexico

9381



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

SLO REF. NO. OG-796

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

June 1, 1988

Mr. Randolph M. Richardson
P. O. Box 2423
Roswell, New Mexico 88201

Re: Proposed Camp State Unit, Chaves
County, New Mexico

Dear Mr. Richardson:

This office has reviewed the unexecuted copy of unit agreement which you have submitted on behalf of McKay Oil Corporation, for the proposed Camp State Unit Area, Chaves County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands and has this date granted you preliminary approval as to form and content.

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

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

1. Application for formal approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. 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.
3. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management..


Randolph M. Richardson
June 1, 1988
Page 2

4. Your filing fee in the amount of Thirty (\$300.00) Dollars has been received.
5. Please follow the copy of Exhibit "B" which has noted on it the changes which will be required before submitting this agreement for final approval.

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

WRH/FOP/pm
encls.

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