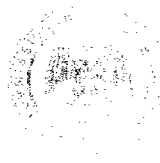


#12,549



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 5, 2003

RECEIVED

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

Attn: Ms. Bonnie Floore

2003 Plan of Development
North Papalotes Unit
Lea County, New Mexico

Dear Ms. Floore:

The Commissioner of Public Lands has, of 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 may 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,

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

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700
Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713
Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245
Fax (505) 827-5766



RECEIVED
JUL -3 PM 2:12

**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES

Phone (505) 827-5724
Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744
Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772
Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793
Fax (505) 827-5711

July 1, 2002

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

Attn: Ms. Bonnie Floore

2002 Plan of Development
North Papalotes Unit
Lea County, New Mexico

Dear Ms. Floore:

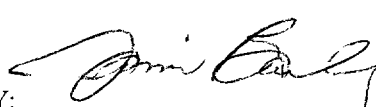
The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the unit area and the need for further development of the unit may exist. You may 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 POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

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

RP/JB/cpm
xc: Reader File

OCD

COMMISSIONER'S OFFICE
Phone (505) 827-5760
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Phone (505) 827-5700
Fax (505) 827-5853

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PUBLIC AFFAIRS
Phone (505) 827-1245
Fax (505) 827-5766



**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES
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SURFACE RESOURCES
Phone (505) 827-5793
Fax (505) 827-5711

February 27, 2002

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

Attn: Mr. Robert Bullock

Re: North Papalotes State Unit Well No. 1
NE/4NE/4 Sec. 36-14S-34E
Commercial Well Determination
Lea County, New Mexico

Dear Mr. Bullock:

We received your letter of February 20, 2002 together with data that supports your commercial determination regarding the North Papalotes State Unit Well No. 1.

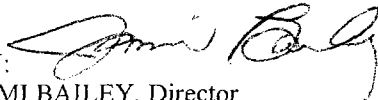
The Commissioner of Public Lands concurs with Yates Petroleum Corporation's determination that the above-mentioned well is a commercial in the Morrow formation.

Please submit your 2002 Plan of Development for this unit.

Our notice of termination letter dated January 29, 2002 is hereby rescinded. 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 POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
RP/JB/pm

pc: Reader File, OCD-Attention: Mr. Roy Johnson

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

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Fax (505) 827-5766



12547

COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

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Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

January 26, 2001

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

Attn: Mr. Robert Bullock

Re: Final Approval
North Papalotes State Unit
Lea County, New Mexico

Dear Mr. Bullock:

This office is in receipt of your letter of January 26, 2001, requesting final approval to the North Papalotes State Unit Agreement, Lea County, New Mexico

Please be advised that the Commissioner of Public Lands has this date granted final approval to the North Papalotes State Unit Agreement, Lea County, New Mexico. The effective date of your agreement is January 26, 2001.

Operations for the initial unit well should commence on or before February 1, 2001. Please advise this office when drilling operations begin. Also, please continue to submit subsequent drilling reports every thirty days until the well is completed.

Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed are (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,

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

BY: *Anthony H. Neal*
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/pm

pc: Reader File, *[Redacted]* *[Redacted]*

(EXPLORATORY)

UNIT AGREEMENT: NORTH PAPALOTES STATE UNIT
OPERATOR: YATES PETROLEUM CORPORATION
LEA COUNTY, NEW MEXICO

DATE	OCC CASE NO.	TOTAL	STATE	FEDERAL	FEE	SEGREGATION	TERM
APPROVED	OCC ORDER NO.	ACREAGE				CLAUSE	
EFFECTIVE	CASE NO. 12549	1600.00	1600.00	0	0	STRICT	5 YEARS
01/26/2001	ORDER NO. R-11417						SO LONG AS

APPROVALS

SLO--1-26-2001
OCD--1-24-2001

TOWNSHIP 14 SOUTH, RANGE 34 EAST

SECTION 25: ALL
SECTION 26: ALL
SECTION 36: N/2

EXHIBIT "B"

North Papalotes State Unit
Lea County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	SERIAL NUMBER AND EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1	T14S-R34E Section 25: E/2 C-S.	VO-4812 2/1/2001 P/C	State of New Mexico 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation 45.5% Yates Drilling Company 6.5% Abo Petroleum Corporation 6.5% Mycos Industries, Inc. 6.5% Ocean Energy Resources, Inc. 35.0%
2	T14S-R34E Section 26: S/2SW/4, SE/4 C-S.	VO-4813 2/1/2001 P/C	State of New Mexico 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation 45.5% Yates Drilling Company 6.5% Abo Petroleum Corporation 6.5% Mycos Industries, Inc. 6.5% Ocean Energy Resources, Inc. 35.0%
3	T14S-R34E Section 25: W/2 C-S.	VO-4825 3/1/2001 P/C	State of New Mexico 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation 45.5% Yates Drilling Company 6.5% Abo Petroleum Corporation 6.5% Mycos Industries, Inc. 6.5% Ocean Energy Resources, Inc. 35.0%
4	T14S-R34E Section 36: N/2 C-S.	VO-4826 3/1/2001 P/C	State of New Mexico 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation 45.5% Yates Drilling Company 6.5% Abo Petroleum Corporation 6.5% Mycos Industries, Inc. 6.5% Ocean Energy Resources, Inc. 35.0%
5	T14S-R34E Section 26: N/2, N/2SW/4 C-S.	VO-6027 11/1/2005 P/C	State of New Mexico 16.67%	Yates Petroleum Corporation	None	Yates Petroleum Corporation 70% Yates Drilling Company 10% Abo Petroleum Corporation 10% Mycos Industries, Inc. 10%
TOTAL STATE LANDS		1,600.00				

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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

December 27, 2000

Mr. David R. Catanach
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87508

CERTIFIED MAIL

Return Receipt Requested

RE: Case 12549
Yates Petroleum Corporation Approval
North Papalotes State Exploratory Unit
Lea County, New Mexico

DEC 29 2000
188 FILE
12549

Dear Mr. Catanach:

Please find enclosed a letter from Yates' only partner in our proposed state exploratory unit.

As noted in the letter, Ocean Energy has no objections to the formation of this unit and is currently evaluating the well proposal.

If everything else is in order Yates respectfully requests an OCD order approving this unit. Upon receipt of this order Yates will obtain final approval from the Commissioner of Public Lands and spud the unit well prior to the first lease expiration of February 1, 2001.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

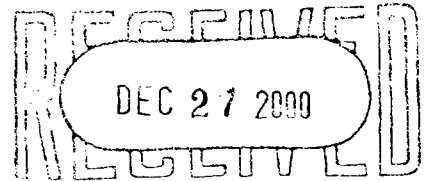
Robert Bullock
Landman

RB:bn
enclosure(s)

cc: Campbell, Carr, Berge & Sheridan, P.A.
PO Box 2208
Santa Fe, NM 87504-2208
Attn: Mr. Michael H. Feldewert



December 21, 2000



Yates Petroleum Corporation
105 S. Fourth Street
Artesia, New Mexico 88210-2118
Attn: Mr. Robert Bullock

Re: North Papalotes State Unit #1
N/2 of Section 36, T14S-R34E
Lea County, New Mexico

Dear Rob:

Ocean Energy Resources, Inc. has received your well proposal for the above referenced well with an AFE and the proposed Unit Agreement covering the North Papalotes State Unit. Ocean Energy has no objections to formation of the unit and is currently evaluating the well proposal. Ocean will make its election within 30 days as per the terms of the Operating Agreement covering this area.

If you require anything further, please give me a call at (713) 265-6897.

Yours very truly,

OCEAN ENERGY RESOURCES, INC.,
a subsidiary of OCEAN ENERGY, INC.

A handwritten signature in black ink, appearing to read "Derold Maney".

Derold Maney
Senior Staff Landman

Ocean Energy

FACSIMILE TRANSMITTAL SHEET

TO

DAVID CATANACH

FROM

Derold Maney

(713) 265-6897

FAX NUMBER

505 827-1389

FAX NUMBER

(713) 265-8865

TELEPHONE NUMBER

DATE

12-21-00

2

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS

Please see attached.

If you do not receive all pages, please call (713) 265-0105

Confidentiality Notice: The information contained in this facsimile is confidential and, as such, is intended to be received initially by only the individual named above. If the reader of this transmittal page is not the intended recipient, or representative of the intended recipient, you are hereby notified that any review, dissemination, or copying of this facsimile, or the information contained herein is prohibited. If you have received this facsimile in error, please immediately notify the sender by telephone and return the facsimile to the sender at the address below. Thank you.

1001 FANNIN, SUITE 1600
HOUSTON, TEXAS 77002-6794
TELEPHONE (713) 265-6000



December 21, 2000

Yates Petroleum Corporation
1050 G. Fourth Street
Alamosa, New Mexico 88210-2118
Attn: Mr. Robert Bullock

Re: North Papaletes State Unit #1
N/2 of Section 36, T14S-R34E
Lea County, New Mexico

Dear Rob:

Ocean Energy Resources, Inc. has received your well proposal for the above referenced well with an AFE and the proposed Unit Agreement covering the North Papaletes State Unit. Ocean Energy has no objections to formation of the unit and is currently evaluating the well proposal. Ocean will make its election within 30 days as per the terms of the Operating Agreement covering this area.

If you require anything further, please give me a call at (713) 265-6897.

Yours very truly,

OCEAN ENERGY RESOURCES, INC.,
a subsidiary of OCEAN ENERGY, INC.

A handwritten signature in cursive script, reading "Derold Maney".

Derold Maney
Senior Staff Landman

Subj: CASE 12549 YATES UNIT AGREEMENT 25, 26, & 36 OF 14S34e
Date: 12/18/00 11:51:48 AM Central Standard Time
From: rhefner@chkenergy.com (Robert Hefner IV)
To: ltownsend@chkenergy.com (Lynda Townsend)
CC: wchalfant@aol.com (Bill Chalfant (E-mail)), DonnieMichael@cs.com (Donnie Michael (E-mail))

Lynda,

The subject case was heard on 7-Dec-00. I would like to get copies of the technical documents presented (structure, isopach and cross section) at the hearing. The reporting service stated that the examiner's comments: Examiner Catanach said he wanted to see Yates talk to Ocean and make a presentation to them. The case was continued to 21-Dec-00.

I would like to get these exhibits ASAP.

Thanks,
Robert A. Hefner IV
Geologist
Permian Basin
Chesapeake Energy
Box 18496
Oklahoma City, OK 73154
405.879.9203
405.879.9577 Fax
BLDG. 6106-RM 212
rhefner@chkenergy.com