



13,052

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

JUN 15 2003

June 11, 2003

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

Oil Conservation Division

Attn: Mr. Robert Bullock

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

Dear Mr. Bullock:

This office is in receipt of your letter of June 9, 2003, requesting final approval of the Waylon 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 Waylon State Exploratory Unit Agreement. The effective date of your agreement is June 11, 2003.

It is our understanding that tract nos. 7 and 8 are not committed to the unit agreement.

Enclosed are (5) Certificates of Approval.

Your \$120.00 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:

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

UNIT NAME: WAYLON 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 06/11/2003	CASE NO. 13052 ORDER NO. R-11969	2426.08	2426.08	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--06-11-2003
OCD--06-09-2003

TOWNSHIP 11 SOUTH, RANGE 34 EAST

SECTION 14: ALL
SECTION 15: Lots 1, 2, 3, 4, N/2NE/4, SE/4NE/4, NW/4NW/4, S/2SW/4, NE/4SE/4, S/2SE/4
SECTION 21: ALL
SECTION 22: ALL

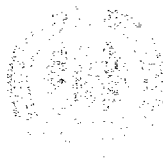
EXHIBIT "B"
WAYLON STATE EXPLORATORY UNIT
LEA COUNTY, NEW MEXICO

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST
1.	T11S,R34E Sec. 14: All Lea County, NM	640.00	VO-5305 5/1/03	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
2.	T11S,R34E Sec. 15: Lots 1,2,3,4 N2NE, SENE, NWNW, S2SW, NESE, S2SE Lea County, NM	506.08	VA-1897 1/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
3.	T11S,R34E Sec. 22: N2 Lea County, NM	320.00	VO-5561 7/1/04	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. 22: S2 Lea County, NM	320.00	VA-1992 7/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
5.	T11S,R34E Sec. 21: N2 Lea County, NM	320.00	VO-5598 9/1/04	State of New Mexico 1/6	Elk Oil Company	None	Elk Oil Company
6.	T11S,R34E Sec. 21: S2 Lea County, NM	320.00	VO-5609 9/1/04	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. 15: SWNW, NWSW Lea County, NM	80.00	Fee 3/26/06	Bogle Ltd. 3/16	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.
8.	T11S,R34E Sec. 15: Lakebed Abutting: Lots 1,2,3,4, Lea County, NM	53.92	Open 5/1/04	State of New Mexico	Unleased	None	None
<u>TOTAL ACRES</u>		<u>2560.00</u>					
<u>TOTAL STATE LANDS</u>		<u>2480.00</u>					
			<u>96.875%</u>				

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2007

2007



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OIL CONSERVATION
DIVISION
COMMISSIONER'S OFFICE

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

April 23, 2003

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

Attention: Mr. Robert Bullock

Re: Preliminary Approval
Proposed Waylon 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 Waylon 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.

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.

Preliminary approval is also given with the understanding that Tract No. 8, containing 53.92 acres of accreted land abutting Lots 1, 2, 3 and 4 of Section 15, Township 11 South, Range 34 East, is unleased at this time. If it is determined that this tract can be leased by the State of New Mexico at a future date in time, Tract No. 8 must be committed to the unit agreement pursuant to Article 22 of the Waylon State Exploratory Unit Agreement.

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.
 - d. That such unit agreement is in other respects for the best interest of the trust.

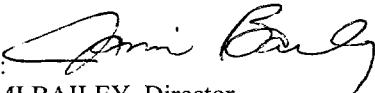
Yates Petroleum Corporation
April 23, 2003
Page 2

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 \$120.00 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: 
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

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

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110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

April 21, 2003

HAND DELIVERY

MS.
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APR 21 2003

Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Oil Conservation Division

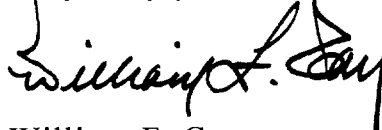
**Re: Case No. 13052: Application of Yates Petroleum Corporation
for approval of a unit agreement, Lea County, New Mexico.**

Dear Ms. Wrotenbery,:

Yates Petroleum Corporation hereby requests that the Examiner Hearing in the above-referenced case that is currently scheduled for April 24, 2003, be continued to the May 22, 2003 Examiner Hearing Docket.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr

WFC:keh

cc: Mr. John Amiet
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

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