



13,053

RECEIVED

MAY 19 2003

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

OIL & GAS DIVISION
COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

May 16, 2003

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

Attn: Mr. Robert Bullock

Re: Final Approval
Stare State Exploratory Unit
Chaves County, New Mexico

Dear Mr. Bullock:

This office is in receipt of your letter of May 13, 2003, requesting final approval of the Stare State Exploratory Unit Agreement, Chaves County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Stare State Exploratory Unit Agreement. The effective date of your agreement is May 16, 2003.

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

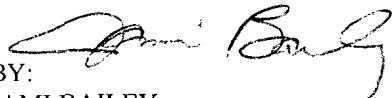
Enclosed are (5) Certificates of Approval.

Your \$90.00 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

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MAY 19 2003
OIL CONSERVATION
DIVISION

EXPLORATORY
UNIT NAME: STARE STATE EXPLORATORY UNIT
OPERATOR: YATES PETROLEUM CORPORATION
COUNTY: CHAVES

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 05/16/2003	CASE NO. 13053 ORDER NO. R-11955	1600.00	1600.00	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--05-16-2003
OCD--05-05-2003

TOWNSHIP 15 SOUTH, RANGE 34 EAST
SECTION 8: All
SECTION 9: S/2
SECTION 16: ALL

EXHIBIT "A"

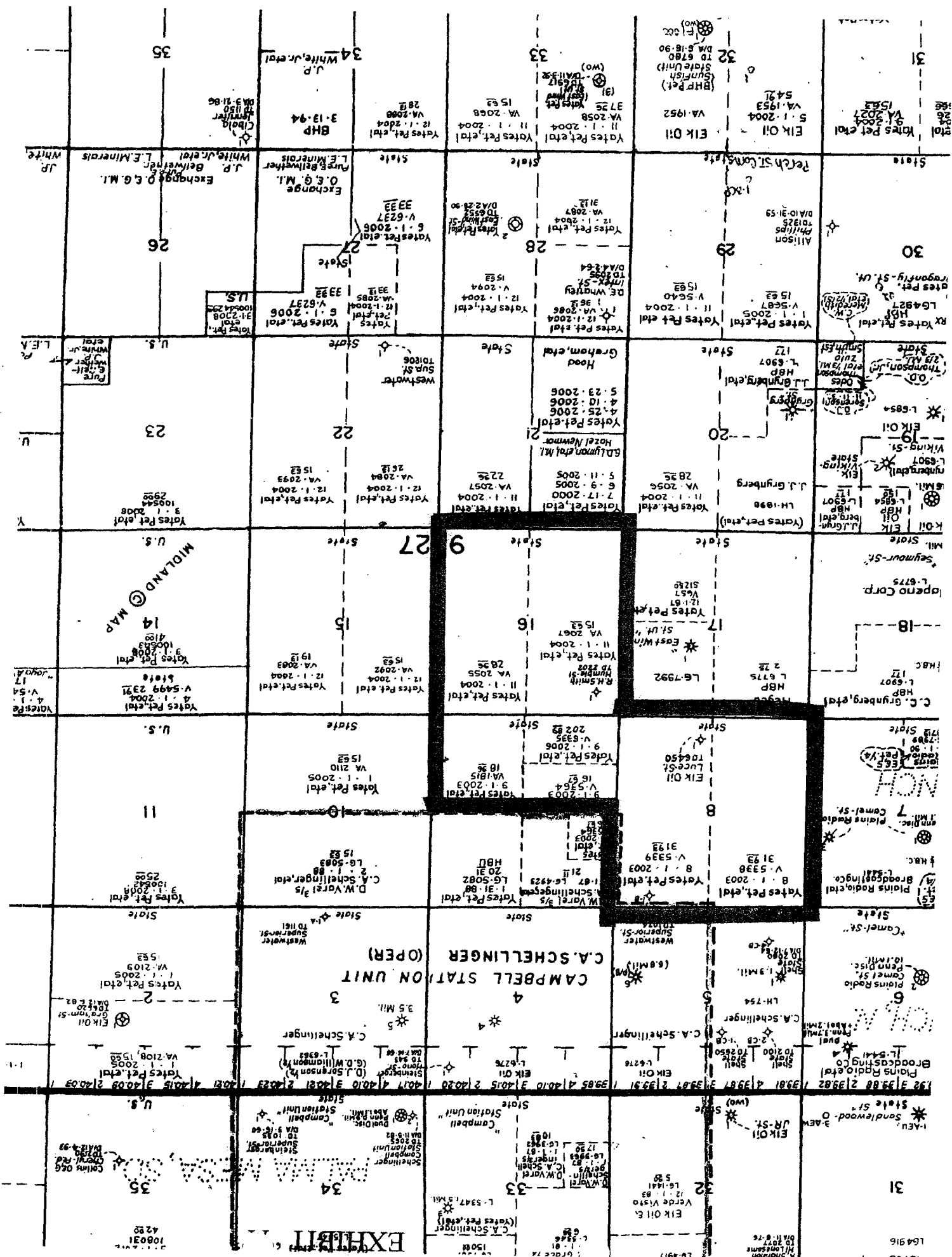


EXHIBIT "B"
STARE STATE EXPLORATORY UNIT
CHAVES COUNTY, NEW MEXICO

TRACT NUMBER	DESCRIPTION OF LANDS	NET ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSOR & ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST	
1.	T9S,R27E Sec. 8: W2 Chaves County, NM	320.00	VO-5338 8/1/03	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
2.	T9S,R27E Sec. 8: E2 Chaves County, NM	320.00	VO-5339 8/1/03	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
3.	T9S,R27E Sec. 9: N2SW4 Chaves County, NM	80.00	VO-5364 9/1/03	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
4.	T9S,R27E Sec. 9: SE4 Chaves County, NM	160.00	VA-1815 9/1/03	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
5.	T9S,R27E Sec. 16: W2 Chaves County, NM	320.00	VA-2067 11/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
6.	T9S,R27E Sec. 16: E2 Chaves County, NM	320.00	VA-2055 11/1/04	State of New Mexico 1/8	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%
7.	T9S,R27E Sec. 9: S2SW4 Chaves County, NM	80.00	VO-6335 9/1/06	State of New Mexico 1/6	Yates Petroleum Corporation	None	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	70.000% 10.000% 10.000% 10.000%

TOTAL ACRES 1600.00

STATE LANDS 100%



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COMMISSIONER

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RECEIVED
APR 10 2003
OIL CONSERVATION
COMMISSIONER'S OFFICE
Phone (505) 827-5760
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www.nmstatelands.org

April 8, 2003

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

Attention: Mr. Robert Bullock

Re: Preliminary Approval
Proposed Stare State Exploratory Unit
Chaves County, New Mexico

Dear Mr. Bullock:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Stare State Exploratory Unit area, Chaves 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.

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.
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.

Yates Petroleum Corporation
April 8, 2003
Page 2

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 \$90.00 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