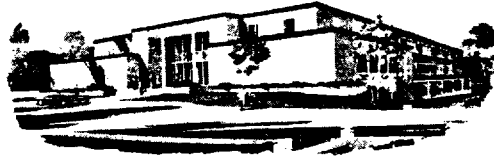


State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

June 21, 1989

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

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

9188

ATTN: Kathy Colbert

RE: Termination of North Chaves Unit
Chaves County, New Mexico

Gentlemen:

On April 14, 1988, Yates Petroleum was granted a six month extension of time (until October 7, 1988) in which to drill a second well in the North Chaves Unit. The extra time was requested in order for Yates Petroleum Corporation to further evaluate the Unit Area.

Because the second well was never drilled in the Unit Area, the terms of the unit agreement were not met. This office hereby terminates the North Chaves Unit effective October 7, 1988. This Unit was terminated by the BLM with the same effective date.

If you have any questions, please do not hesitate to call on us.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando by H.S.*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

cc: OCD - Santa Fe, New Mexico
BLM - Roswell, New Mexico
Oil and Gas Accounting Division
Royalty Management

Unit Name NORTH CHAVES UNIT
Operator YATES PETROLEUM CORPORATION
County CHAVES

TERMINATED
EFFECTIVE DATE 10/31/88
APPROVAL DATE 6/21/89

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO. R-8498							
OCD: 8/26/87			8,760.11	320.00	7,600.11	840.00		5 Years &
CPL: 8/27/87				(NOT COMMITTED)		(680.00 NOT COMMITTED)		so long as
BLM: 8/28/87		August 28, 1987						

UNIT AREA

TOWNSHIP 5 SOUTH, RANGE 23 EAST

Sec. 1: Lots 1,2,3,4,S $\frac{1}{2}$ N $\frac{1}{2}$,S $\frac{1}{2}$ (All
Sec. 10: E $\frac{1}{2}$
Sec. 11: All
Sec. 12: All
Sec. 13: All
Sec. 14: All
Sec. 15: All
Sec. 22: All
Sec. 23: All
Sec. 24: N $\frac{1}{2}$,SW $\frac{1}{4}$,SW $\frac{1}{4}$ SE $\frac{1}{4}$
Sec. 25: W $\frac{1}{2}$,NE $\frac{1}{4}$,N $\frac{1}{2}$ SE $\frac{1}{4}$
Sec. 26: All
Sec. 27: All
Sec. 34: All
Sec. 35: All

Unit Name
Operator
County

NORTH CHAVES UNIT
YATES PETROLEUM CORPORATION
CHAVES

TERMINATED
EFFECTIVE DATE 10/7/88
APPROVAL DATE 6/21/89

STATE	LEASE	INSTI-	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED	ACRES	ACREAGE	LESSEE
TRACT NO.	NO.	TUTION					DATE		NOT	
									RATIFIED	

4	LG-5567	C. S.	10	5S	23E	SE $\frac{1}{4}$ NE $\frac{1}{4}$				
		C. S.	11	5S	23E	SW $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$				
		C. S.	14	5S	23E	W $\frac{1}{2}$ NE $\frac{1}{4}$		320.00		INEXCO OIL COMPANY

State of New Mexico



SLO REF NO. OG-324

W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

August 10, 1987

Dickerson, Fisk & Vandiver
ATTENTION: Mr. Chad Dickerson
Seventh & Mahone, Suite E
Artesia, New Mexico 88210

9188

Re: Proposed North Chaves Unit
Chaves County, New Mexico

Gentlemen:

This office has reviewed the unexecuted copy of unit agreement for the proposed North Chaves Unit, 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. Also, any well commenced prior to the effective date of this agreement which penetrates its objective horizon prior to said effective date shall not be construed as the initial test well.

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 and the Designation from the Bureau of Land Management. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management

Dickerson, Fisk & Vandiver
August 10, 1987
Page 2

4. As per your telephone conversation on this date, it is our understanding that you will be submitting revisions reflecting the addition of the NE $\frac{1}{4}$ of Section 34, Township 5 South, Range 23 East to the unit area.

Enclosed you will find a copy of our comments regarding the geological review of the unit area.

Your filing fee in the amount of \$450.00 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 Attn: Mr. Armando Lopez
 Gulram



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Box 1397, Roswell, New Mexico - 88201

IN REPLY
REFER TO:

NMO61P35-87U446
3180 (065)

AUG 28 1987

Dickerson, Fisk, & Vandiver
Attention: Chad Dickerson
Seventh & Mahone, Suite E
Artesia, New Mexico 88210

Gentlemen:

One approved copy of the North Chaves Unit Agreement, Chaves County, New Mexico, filed on behalf of Yates Petroleum Corporation, is enclosed. Such agreement has been assigned no. NMO61P35-87U446 and is effective the same date as approved.

Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Sincerely,

Orig. Sgd. Francis R. Cherry, Jr.

Francis R. Cherry, Jr.
District Manager

1 Enclosure

cc:

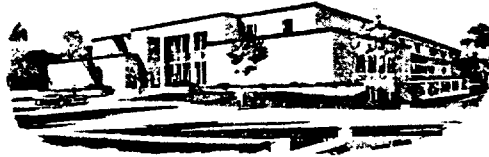
NMOCD - Santa Fe

RECEIVED
AUG 31 1987
BUREAU OF LAND MANAGEMENT
U.S. DEPARTMENT OF THE INTERIOR

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

SLO REF NO. OG-362

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

August 27, 1987

Dickerson Fisk & Vandiver
ATTENTION: Mr. Chad Dickerson
Seventh & Mahone, Suite E
Artesia, New Mexico 88210

Re: Approval of North Chaves Unit
Chaves County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the North Chaves Unit Agreement, Chaves County, New Mexico. It is our understanding that Tract Nos. 4, 5, 6, 7, and 9 are not committed. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management and will become effective upon their approval.

Enclosed are Five (5) Certificates of Approval.

Your filing fee in the amount of \$450.00 Dollars has been received.

If we may be of further help please do not hesitate to call on us.

Sincerely,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

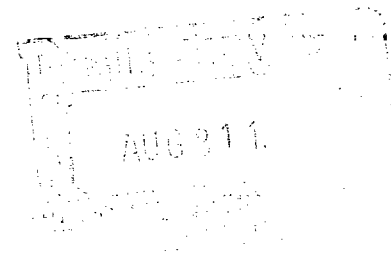
A handwritten signature in dark ink, appearing to read "Floyd O. Prando".

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
Gulram

August 19, 1987



Mr. Michael E. Stogner
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Oil Conservation Division No. 9188
BLM Reference No. 3180 (065)
SLO Reference No. OG-324
North Chaves Unit
Chaves County, New Mexico

Dear Mike:

As requested in the hearing on the captioned matter held August 12, 1987, enclosed are the revised maps for the North Chaves Unit, Chaves County, New Mexico. We would appreciate your furnishing us with an expedited Order on this matter, as there is a September 1 expiration date.

Please let me know if you need anything further in connection with this matter.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

A handwritten signature in cursive script, appearing to read "Chad Dickerson".

Chad Dickerson

CD:pv
Enclosure

cc: Mr. Ken Beardemphl
Commissioner of Public Lands
Bureau of Land Management