

IT IS THEREFORE ORDERED THAT:

(1) The Sawyer North Unit Agreement, executed by Yates Petroleum Corporation, is hereby approved for all oil and gas in any and all formations underlying the following described 1,012.04 acres, more or less, of Federal (640.00 acres or 63.2386%) and State (372.04 acres or 36.7614%) lands in Roosevelt County, New Mexico:

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM
Sections 32 and 33: All.

(2) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

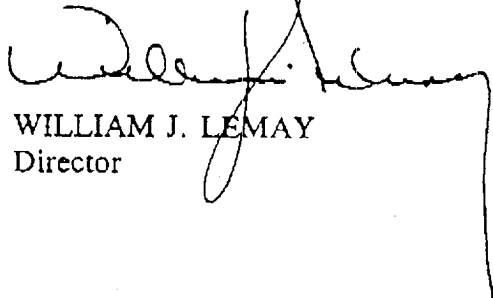
(5) This order shall become effective upon the approval of said unit agreement by the appropriate agency of the United States Department of Interior and the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 11420
Order No. R-10512
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

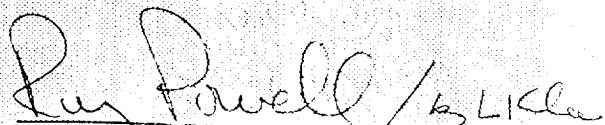
YATES PETROLEUM CORPORATION
SAWYER NORTH UNIT
ROOSEVELT COUNTY, NEW MEXICO

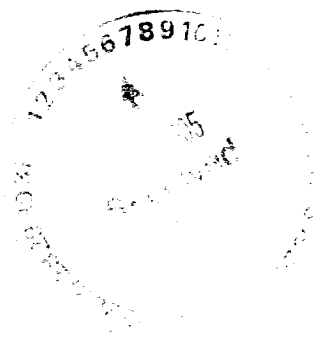
There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Unit Agreement for the development and operation of acreage which is described within the referenced Agreement, dated OCTOBER 26, 1995, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the 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 area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 21ST day of DECEMBER, 1995.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico





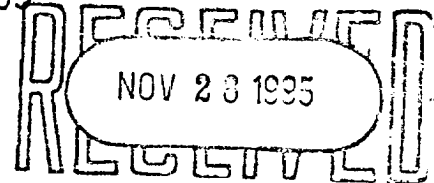
United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office
1717 West Second Street
Roswell, New Mexico 88201-2019

IN REPLY REFER TO:
NMNM94476X
3180 (06200)

NOV 27 1995



Yates Petroleum Corporation
Attention: Mr. Robert Bullock
105 S. Fourth Street
Artesia, NM 88210

Gentlemen:

One approved copy of the Sawyer North Unit Agreement, No. NMNM94476X, Roosevelt County, New Mexico, is enclosed. Such agreement is effective as of the date of approval.

Pursuant to 43 CFR 3183.4(b) and Section 9 of the unit agreement, if the Public Interest Requirement is not fulfilled, the unit will be declared invalid and no lease committed to this agreement shall receive the benefits of 43 CFR 3107.3-2 and 3107.4.

Approval of the 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.

You are requested to furnish all interested principals with appropriate evidence of this approval.

Sincerely,

Tony L. Ferguson
Assistant District Manager,
Minerals Support Team

Enclosure