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April 29, 2003

Via Fax and U.S. Mail

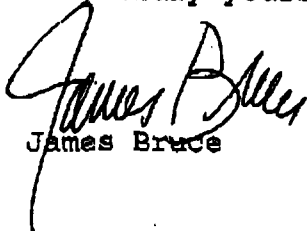
Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 13058; Application of J. Cleo Thompson for
approval of a Unit Agreement, Roosevelt County

Dear Mr. Stogner:

Enclosed is Exhibit 3, the letter of preliminary approval from the
Land Commissioner.

Very truly yours,



James Bruce

cc: S. Brenner w/encl.



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

April 25, 2003

Mr. James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87501

Re: Preliminary Approval
Proposed Northwest Jenkins State Exploratory Unit
Roosevelt County, New Mexico

Dear Mr. Bruce:

This office has received the unexecuted copy of the unit agreement, which you have submitted on behalf of J. Cleo Thompson, for the proposed Northwest Jenkins State Exploratory Unit area, Roosevelt 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.

OIL CONSERVATION DIVISION

CASE NUMBER

13058

J. Cleo Thompson

EXHIBIT

3


James Bruce
April 25, 2003
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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 \$30.00 has been received.

If you have any questions or if we may be of further help, please contact Pcte 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