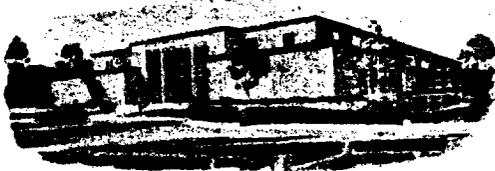


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State of New Mexico



Commissioner of Public Lands

October 26, 1977

PHIL R. LUCERO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Mr. Randolph M. Richardson
P. O. Box 819
Roswell, New Mexico 88201

Re: Proposed Stinking Draw Unit
Eddy County, New Mexico

Dear Mr. Richardson:

We have reviewed the proposed copy of unit agreement and Exhibits "A" and "B", which you submitted on behalf of Yates Petroleum Corporation, for the Stinking Draw Unit, Eddy County, New Mexico. This form of agreement meets the requirements of the Commissioner of Public Lands, therefore, the Commissioner of Public Lands has this date approved your agreement as to form and content.

On your Exhibit "B" please add the assignment number right after the lease number. (L-6421-1)

Upon submitting the unit for final approval the following are required by this office.

1. Application for final approval stating all tracts committed and tracts not committed.
2. Two executed copies of Unit Agreement, one must be original signatures.
3. Two copies of all ratifications from Lessees of Record and Working Interest owners, one must be original signatures.
4. One copy of Operating Agreement.
5. Copy of the New Mexico Oil Conservation Commission order.

BEFORE EXAMINER STAMETS

OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. _____

Submitted by _____

Hearing Date _____

Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS
BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division

PRL/RDG/S