

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

May 15, 1987

SLO REF NO. OG-124

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

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

Re: Proposed Panther Hill Unit
Chaves County, New Mexico

Gentlemen:

This office has reviewed the unexecuted copy of unit agreement for the proposed Panther Hill 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. Article 4 of the Unit Agreement should have Yates Petroleum Corporation inserted.
2. It is our understanding that Tract No. 14, SW/2SW/4 Section 24, Township 8 South, Range 23 East is open acreage and is not committed to the unit.
3. Application for formal approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
4. 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.

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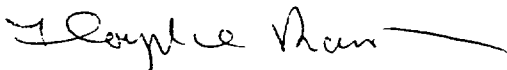
5. Order of the New Mexico Oil Conservation Division and the Designation from the Bureau of Land Management. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your filing fee in the amount of \$480.00 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, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm

cc: OCD-Santa Fe, New Mexico
 BLM-Roswell, New Mexico
 Gulram, Inc.