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June 13, 1989

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Attention: Ms. Susan Howarth

Re: Desana Unit
Eddy County, New Mexico

Dear Ms. Howarth:

On behalf of Yates Petroleum Corporation, application is hereby made for preliminary approval of the Desana Unit, Eddy County, New Mexico. This exploratory unit consists of state and federal lands. Submitted herewith are the following:

1. Two copies of the draft Unit Agreement, with Exhibits "A" and "B".
2. Draft of the Unit Operating Agreement.
3. Geological Explanation in duplicate, with maps.

On behalf of the Applicant, it is hereby alleged:

- 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.

YATES PETROLEUM CORPORATION
Case No. 9688
6/21/89 Examiner Hearing
Exhibit No. 4

Commissioner of Public Lands
June 13, 1989
Page 2

Our check in the amount of \$90.00, representing \$30.00 for each section or fractional part thereof, is also enclosed.

Please contact me if you should have any questions or requirements in connection with this unit agreement. This application is set for hearing before the New Mexico Oil Conservation Division on June 21, 1989. Application has been made to the Bureau of Land Management for designation of the unit as logically subject to unit development. One of the state leases has an expiration date of July 1, 1989, and your early review of this proposed unit will be appreciated.

Thank you for your cooperation in this matter.

Very truly yours,

FISK, VANDIVER & CATRON

David R. Vandiver

DRV:nt
Enclosures

xc: Mr. Rob Bullock