



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P.O. Box 1397

Roswell, New Mexico 88202-1397



IN REPLY
REFER TO

Laguna Salado South
3180 (065)

Exxon Company, U.S.A.
P. O. Box 1600
Midland, TX 79702-1600

Gentlemen:

Your application of June 1, 1990, filed with the BLM requests the designation of the Laguna Salado South Unit area, embracing 7,040.00 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended, for all formations.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Exxon Company, U.S.A., Laguna Salado South Unit, Eddy County, New Mexico, is hereby designated as a logical unit area. This designation is valid for a period of one year from the date of this letter.

The unit agreement submitted for the area designated should provide for a well to test the Ramsey Sand Member of the Bell Canyon formation or to a depth of 3,500 feet. Your proposed use of the Form of Agreement for Unproved Areas will be accepted with the modifications requested in your application and the corrections applied as requested by the Bureau of Land Management and shown in red on the enclosed Exhibit B.

If conditions are such that further modification of said standard form is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

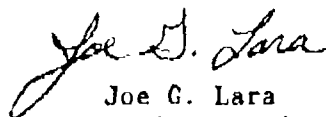
When the executed agreement is transmitted to the BLM for approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the reprint of the aforementioned form.

Exhibit No. 4
Exxon Corporation
NMOCD Case 9937
June 13, 1990

JUN 12 '92 15:10

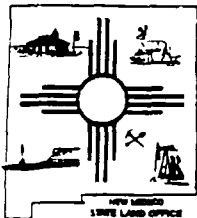
Inasmuch as this unit agreement involves State and Fee lands, we are sending a copy of the letter to the Commissioner of Public Lands and the NMOCD. Please contact the State of New Mexico before soliciting joinders regardless of prior contacts or clearances from the State.

Sincerely,



Joe G. Lara
Assistant District Manager,
Minerals

Enclosures



State of New Mexico
Commissioner of Public Lands

W. R. Humphries
COMMISSIONER

Advisory Board

George Clark
Chairman

Kristin Conniff
Vice Chairman

Melvin Cordova

Joe Kelly

Robert Portillos

Nancy Lynch Vigil

Rex Wilson

June 12, 1990

Exxon Company, U.S.A.
P. O. Box 1600
Midland, TX 79701

Attn: Joe B. Thomas

Re: Proposed Laguna Salado south Unit Lea County, New Mexico

Gentlemen:

We received your letter, dated June 1, 1990, requesting preliminary concurrence and approval of the Laguna Salado South.

This office has reviewed the proposal which meets the general requirements of the Commissioner of Public Lands who has this date granted you preliminary approval of the Laguna Salado South.

Preliminary approval shall not be construed to mean final approval in any way and will not extend any short term leases until final approval and an effective date for the expansion have been given.

In order to grant final approval to this proposed unit expansion, we require the following additional information;

1. Initial plan of operations
2. Ratifications of Lessees of Record and Working Interest Owners. Please submit two sets of ratifications: one set must contain original signatures.
3. A letter that identifies which tracts have been committed and which are not committed to the Unit Agreement.
4. Concurrence by the Oil and Gas Conservation Division and the BLM.

If we may be of further help, please do not hesitate to call this office at (505) 827-5746.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil, Gas and Minerals Division
(505) 827-5744

Exhibit No. 5
Exxon Corporation
NMOCD Case 9937
June 13, 1990

WRH/FOP/BS/dj P.O. Box 1148 Santa Fe, NM 87504-1148 (505) 827-5760