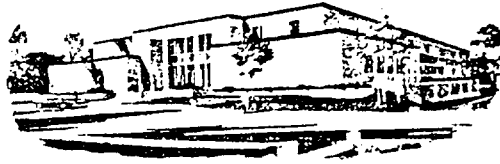


State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

November 3, 1987

SLO REF NO. OG-550

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

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

Re: Proposed Lazy Tree State Unit
Chaves County, New Mexico

Gentlemen:

This office has reviewed the unexecuted copy of a unit agreement which you have submitted on behalf of Yates Petroleum Corp., for the proposed Lazy Tree State 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. Application for formal approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. 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.
3. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

YATES PETROLEUM CORPORATION
Case No. 9244
11/04/87 Examiner Hearing
Exhibit No. 5

Dickerson, Fisk & Vandiver

November 3, 1987

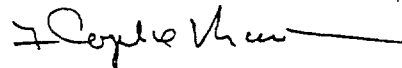
Page 2

4. On Exhibits "A" and "B" Tract No. 15 the correct Lease No. is VB-159 and the Lessee of record is Murphy H. Baxter.
5. On Exhibits "A" and "B" Tract No. 16 the correct Lease No. is VB-160 and the Lessee of record is Murphy H. Baxter.

Your filing fee in the amount of \$270.00 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
 Gulram, Inc.