

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



SLO REF NO. 06-512

Commissioner of Public Lands

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

October 22, 1987

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

Re: Proposed Cactus Flower Unit
Chaves County, New Mexico

Gentlemen:

This office has reviewed the unexecuted copy of unit agreement which you have submitted on behalf of Yates Petroleum Corp., for the proposed Cactus Flower 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.
4. The filing fee for a unit agreement is thirty dollars per

YATES PETROLEUM CORPORATION
Case No. 9245
11/04/87 Examiner Hearing
Exhibit No. 7

Dickerson, Fisk & Vandiver
October 22, 1987
Page 2

section or partial section thereof. Please submit an additional \$30.00 Dollars to cover the addition of the NE/4,S/2 of Section 17-18S-27 East.

5. Please submit a revised copy of Exhibit "A" reflecting the addition of the NE/4,S/2 of Section 17-8S-27E and Tract No. 11 to the unit area.
6. On Exhibits "A" and "B" the correct Lease No. is V-2466 and the Lessee of Record is Yates Petroleum Corporation.

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*

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm

cc: OGD-Santa Fe, New Mexico
Gulram, Inc.