

November 7, 1988

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

Attention: Mr. Pete Martinez

Re: Winter Queen State Unit
Lea County, New Mexico

Gentlemen:

On behalf of Yates Petroleum Corporation, application is hereby made for preliminary approval of the Winter Queen State Unit, Lea County, New Mexico. This exploratory unit consists entirely of state 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 and cross section.

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 institute 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.

YATES PETROLEUM CORPORATION
Case No. 9518
11/09/88 Examiner Hearing
Exhibit No. 4

Chad Dickerson John Fisk David R. Vandiver Rebecca L. Reese

DICKERSON, FISK & VANDIVER
ATTORNEYS AT LAW

Seventh & Mahone / Suite E / Artesia, New Mexico 88210 / (505) 746-9841

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D. That such unit agreement is in other respects for the best interest of the trust.

Our check in the amount of \$120 is also enclosed.

Please note that the first lease to be committed to the unit expires December 1, 1988, and we would therefore appreciate your prompt attention to this matter. We are sorry for the delay in submitting the instruments to your office. We propose to proceed on November 9 with Case No. 9518 before the New Mexico Oil Conservation Division, and understand that your preliminary approval of this unit may not be available by that time.

Please contact me if you have any questions or requirements.

Thank you for your cooperation in this matter.

Sincerely yours,

DICKERSON, FISK & VANDIVER

Chad Dickerson

CD:pvw
Enclosures

cc: Mr. Ken Beardemphl
Mr. Tom Siwula