



February 23, 1995

Avalon (Delaware) Field Unitization  
Eddy Co., N. M.

David F. Boneau, Manager Non-Op Properties  
Yates Petroleum Corporation  
105 S. Fourth St.  
Artesia, NM 88210

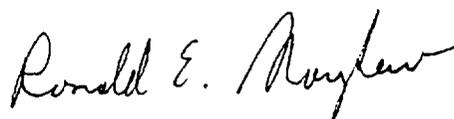
**Dear Dave:**

We will agree with the 4 requests in your fax dated today, to foster a spirit of cooperation and to progress the project. This is with the assumption that these are the final changes. The wording that I will pass on to our Unit Agreement Drafting Committee is provided below:

<b>Voting</b>	<p>Ballots/AFE's to WIOs will be considered approved if:</p> <p>Note: AFE's under \$100k do not require WIO approval</p> <ul style="list-style-type: none"><li>• <b>CO<sub>2</sub> Study AFE's</b> (see Overhead above) <b>and Tertiary Project AFE's</b> (both pilot and full scale, both primary and ring areas): Largest 2 owners must approve in addition to \$ requirement. Note: Yates Petroleum's 7 affiliates are defined as a single owner for this purpose. Should these Yates interests be sold a new 2nd largest owner could occur.</li><li>• <b>AFE's &lt; \$ 1M:</b> Largest Owner + 10% remaining WI; Minimum of 75%</li><li>• <b>AFE's ≥ \$1M and drilling of one or more wells:</b> 85 % of the WIO participation</li></ul>
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I look forward to continuing our work in forming the Avalon Unit and in implementing the project.

Sincerely,



Ronald E. Mayhew  
Avalon Project Manager