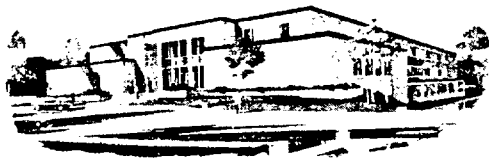


State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



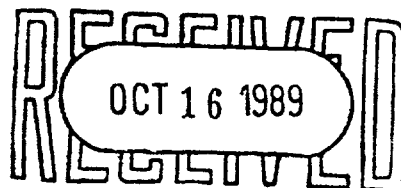
Commissioner of Public Lands
October 12, 1989

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

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

ATTN: Mr. Cy Cowan

RE: Woodstock State Unit
Lea County, New Mexico



Gentlemen:

This office has reviewed the unexecuted copy of the unit agreement submitted for the proposed Woodstock State Unit Area, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands who 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. Any well commenced prior to the effective date of this agreement which penetrates its objective prior to said effective date shall not be construed as the initial test well.

When submitting your agreement for final approval, please include the following items:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and those that are not committed.
2. All ratifications from the Lesees 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 contingent upon subsequent favorable approval by the New Mexico Oil Conservation Division.

YATES PETROLEUM CORPORATION
Case No. 9779
10/18/89 Examiner Hearing
Exhibit No. 5

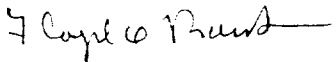
4. Two final copies of both the Unit Agreement and the Unit Operating Agreement for our files. One set must contain the original ratifications of the Lessees of Record and the Working Interest Owners.

We have received your filing fee in the amount of one hundred twenty dollars (\$120.00).

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. FRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/SMH