



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
ROSWELL FIELD OFFICE  
2909 West Second Street  
Roswell, New Mexico 88201-2019

IN REPLY REFER  
NMNM105362X  
3180 (06200)

JUN 04 2001

Yates Petroleum Corporation  
Attention: John Humphrey  
105 S. Fourth Street  
Artesia, NM 88210

Gentlemen:

Your application of May 31, 2001, filed with the BLM requests the designation of the Luke Federal State Unit area, embracing 2,561.12 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Exhibit A, Yates Petroleum Corporation, Luke Federal State Unit, Eddy County, New Mexico, is hereby designated as a logical unit area and has been assigned No. NMNM105362X. This designation is valid for a period from one year from the date of this letter.

The unit agreement submitted for the area designated should, in Section 9 of the agreement, provide for a well to test the Upper Penn formation and to a depth sufficient to test the Upper Penn. Your proposed use of the State/Federal Form of Agreement for Unproved Areas will be accepted with corrections to be made to pages 1 and 2 marked in red on the enclosed agreement. Corrections to be made to Exhibits A and B are also marked in red on the enclosed Exhibits.

If conditions are such that further modification of said standard form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outline above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the BLM for final approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the reprint of the aforementioned form.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 12676 Exhibit No. 5  
Submitted by:  
Yates Petroleum Corporation  
Hearing Date: June 14, 2001

Inasmuch as this unit agreement involves State land, we are sending a copy of the letter to the Commissioner of Public Lands. Please contact the State of New Mexico before soliciting joinders regardless of prior contacts or clearances from the state.

Sincerely,

A handwritten signature in cursive script that reads "Larry D. Bray".

Larry D. Bray  
Assistant Field Manager,  
Lands and Minerals

Enclosures