



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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www.nmstatelands.org

January 15, 2016

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210-2118

Attention: Mr. Chuck Moran

Re: **Amended Preliminary Approval**
Proposed Wolverine Unit
Lea County, New Mexico

Dear Mr. Moran:

This office has received your letter of January 12, 2016 and the amended unexecuted copy of the unit agreement, which you have submitted for the proposed Wolverine Unit area, Lea County, New Mexico. The unitized interval has been amended to only include the surface to the base of the Bone Spring formation. 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.

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

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:
 - 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 institution 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.
 - d. That such unit agreement is in other respects for the best interest of the trust.
3. 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.

**BEFORE THE OIL CONVERSATION
DIVISION**

Santa Fe, New Mexico

Exhibit No. 3

Submitted by: **YATES PETROLEUM**

Hearing Date: January 20, 2016

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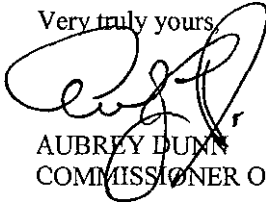
4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.
5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement (if applicable).

It is our understanding that the Morrow production from the San Simon AWO State Com Well No. 1 SW/4SE/4 Sec. 18-23S-35E will not be a part of this unit.

The filing fee for a unit agreement is \$30.00 for every section or partial section thereof. Please submit a \$120.00 filing fee.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,



AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/pm

cc: Reader File,
NMOCD Attention: Mr. Daniel Sanchez
TRD-Attention: Ms. Billie Luther
RMD-Attn: Mr. Danny Martinez
BLM Carlsbad - Attention: Mr. Edward Fernandez