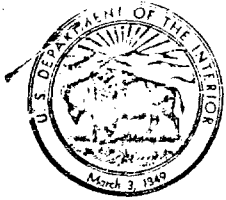


EXHIBIT #7



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

RECEIVED
JUL 21 1970

BEFORE EXAMINER		HINKLE, BONDURANT, COX & EATON MIDLAND, TEXAS
OIL CONSERVATION COMMISSION		
APPROVED	EXHIBIT NO. 7	
CASE NO. 4385		JUL 15 1970

Hinkle, Bondurant, Cox, and Eaton
521 Midland Tower
Midland, Texas 79701

Attention: Mr. Conrad E. Coffield

Gentlemen:

Your application of June 23 filed with the Acting Oil and Gas Supervisor, Roswell, New Mexico, on June 25, 1970, in behalf of King Resources Company, requests the designation of the Brokeoff Mountain unit area embracing 37,747.66 acres, more or less, Otero 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 of December 20, 1950, 30 CFR 226.3 (1968 reprint), the land requested as outlined on your plat marked "Exhibit A, Brokeoff Mountain Unit, Otero County, New Mexico," is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for the drilling of the initial exploratory well to test the Bliss formation of Ordovician and Cambrian age or to a depth of 7,000 feet. As proposed by your application, the Form of Agreement for Unproved Areas (1968 reprint) should be used modified by the appropriate language required for State of New Mexico lands.

In the absence of any other type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical to the 1968 reprint modified only as outlined above and approved by the appropriate officials of the State of New Mexico, will be approved if submitted in approvable status within a reasonable period of time. However, the right is reserved to deny approval of any executed agreement which, in our opinion, does not have full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the Supervisor for approval, include the latest status of all acreage. The format of the sample exhibits attached to the 1968 reprint of the standard form should be followed closely in the preparation of exhibits A and B.

Since the unit area contains State of New Mexico lands, we are sending a copy of this letter to the State Land Commissioner in Santa Fe. Please contact the State of New Mexico before soliciting joinders, regardless of prior contacts with or clearances from the State.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "W. A. Rullman".

Acting Director