

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

SLO REF. NO. OG-795

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

May 31, 1988

Dickerson, Fisk & Vandiver
Attention: Mr. Chad Dickerson
Seventh & Mahone, Suite E.
Artesia, New Mexico 88210

Re: Proposed Pfiester State Unit,
Chaves County, New Mexico

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

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

1. Application for formal approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a rotary and one set must contain original signatures.
3. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

TXO PRODUCTION CORP.
Case Nos. 9382 and 9383
6/08/88 Examiner Hearing
Exhibit No. 4

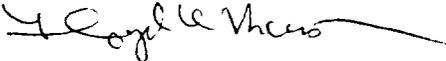
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4. Your filing fee in the amount of Thirty (\$30.00) Dollars has been received.
5. On Page 4, Article 8, Drilling to Discovery as discussed with this office please change the commencement of operations to sixty (60) days after the effective date of this agreement. Our preliminary approval will be subject to this change.

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

WRH/FOP/pm
encls.

cc: OCD-Santa Fe, New Mexico