



W.R. HUMPHRIES
COMMISSIONER

State of New Mexico



Commissioner of Public Lands

October 12, 1989

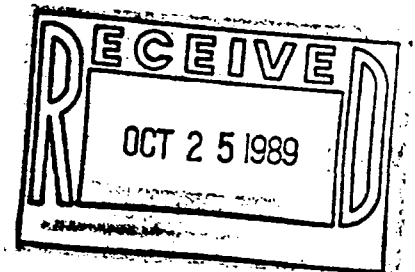
BEFORE EXAMINER STOPPED
Oil Conservation Division
Exhibit No. C
Case No. 982579826

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

Sage Energy Company
10101 Reunion Place, Suite 800
San Antonio, TX 78216-4158

ATTN: Mr. Lee Patrick

RE: Proposed West Tres Papalotes Unit
Lea County, New Mexico



Gentlemen:

This office has reviewed the unexecuted copy of the unit agreement submitted for the proposed West Tres Papalotes 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.

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 Lessees 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.
4. The filing fee. The filing fee for a Unit Agreement is thirty dollars (\$30.00) for every section or partial section thereof. Please submit a filing fee in the amount of one hundred twenty dollars (\$120.00).


5. The initial plan of operations for this waterflood unit.
6. A list of the re-designated well names and numbers.
7. An original and one copy of both the Unit Agreement and the Unit Operating Agreement for our files. Again, the original set must contain original signatures.

As you requested, we have retained one copy of the Unit Agreement you sent with your letter dated October 3, 1989 and have enclosed the other four copies. For your information, we have also enclosed a brief list/description of the information required when submitting a unit containing New Mexico State Trust Lands for approval.

If we may be of further help, please do not hesitate to call Susan Howarth at (505) 827-5791.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WHR/FOP/SMH