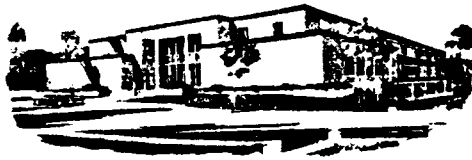


State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

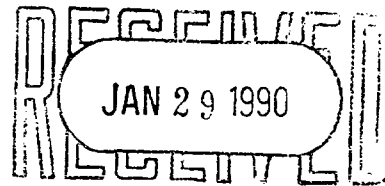


Commissioner of Public Lands

January 25, 1990

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

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210



ATTN: Ms. Cathy Porter

RE: Proposed Bittersweet Unit
Chaves County, New Mexico

Gentlemen:

This office has reviewed the unexecuted copy of the unit agreement submitted for the proposed Bittersweet Unit Area, Chaves 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. Letter of Designation from the BLM.
5. 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.

YATES PETROLEUM CORPORATION
Case No. 9859
02/07/90 Examiner Hearing
Exhibit No. 4