



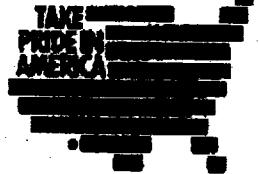
United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P.O. Box 1397

Roswell, New Mexico 88202-1397

IN REPLY
REFER TO:

Parkway Delaware Unit, NMNM88491X
3180 (065)

DEC 02 1992

Siete Oil & Gas Corporation
Attention: Mr. Robert Lee
P. O. Box 2523
Roswell, New Mexico 88202

Gentlemen:

Your application of April 3, 1992, filed with the BLM requests the designation of the Parkway Delaware Unit area, embracing 920.00 acres, more or less, Eddy County, New Mexico, as logically subject to secondary operations under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Siete Oil & Gas Corporation, Parkway Delaware Unit, Eddy County, New Mexico, is hereby designated as a logical unit area for the purpose of conducting secondary recovery operations and has been assigned No. NMNM88491X. Waterflooding will be limited to the following interval: That interval underlying the Unit Area, commonly known as the Parkway Delaware Pool, including fifty (50) feet above and below the upper and lower limits, respectively, of said pool, which is indicated in the electric log of the Osage Federal No. 1, 1980' S and 1980' E, sec. 35, T. 19 S., R. 29 E., Eddy County, New Mexico. This designation is valid for a period of one year from the date of this letter.

Your basis for allocation of unitized substances and your proposed form of unit agreement are acceptable. You will be notified if corrections need to be made to Exhibits A or B.

If conditions are such that further modification of said standard form is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the BLM for approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the reprint of the aforementioned form.

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
SIETE OIL & GAS CORP. EXHIBIT NO. 3
CASE NO. 10618 and 10619

FACSIMILE TRANSMISSION

Confidential:

TO: EDNILE PADILLAFROM: HAZEL LEE DANIEL HFAXED # of pages 2

REMARKS:

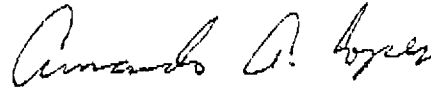
PAZ M. 1-88-5512

CONFIRMED

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Inasmuch as this unit agreement involves State land, we are sending a copy of the letter to the Commissioner of Public Lands. Please contact the State of New Mexico before soliciting joinders regardless of prior contacts or clearances from the state.

Sincerely,



Armando A. Lopez
Assistant District Manager,
Minerals