



AUG 4 1995

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

RAY POWELL, M.S., D.V.M.
COMMISSIONER

August 2, 1995

Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88202-1933

Attn: Ms. Diana L. Marshall

Re: Preliminary Approval
Proposed Flint Unit
Lea County, New Mexico

Dear Ms. Marshall:

This office has reviewed the unexecuted copy of the unit agreement which you have submitted for the proposed Flint 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. 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 final 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. Two sets of ratifications must be submitted. 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 conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
4. Please submit two copies of the Unit Agreement.

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Harvey E. Yates Company
August 2, 1995
Page 2

5. The filing fee for a Unit Agreement is thirty (\$30.00) dollars for every section or partial section thereof. Please submit a filing fee in the amount of \$420.00 dollars.
6. Please note the changes we have made to Exhibit "B", a copy of which has been enclosed.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILLY, Deputy Director
Oil, Gas and Minerals Division
(505) 827-5745

RP/JB/pm

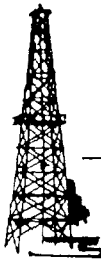
Enclosure

cc: Reader File

OCD-Santa Fe -- Attention: Mr. Roy Johnson

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P.O. BOX 1933

ONE SUNWEST CENTRE

505/623-6601

FAX 505/622-4221

ROSWELL, NEW MEXICO 88202-1933

July 25, 1995

Mr. Pete Martinez, Oil & Gas Units
New Mexico State Land Office
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Re: HEYCO's Proposed Flint Unit
T-17, R-36E and
T-18S, R-35 & 36E, N.M.P.M.
Lea County, New Mexico
Preliminary Approval

Dear Mr. Martinez:

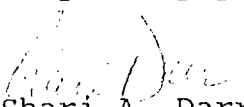
Harvey E. Yates Company (HEYCO) recently submitted, for preliminary approval, pertinent information on its proposed Flint Unit in Lea County, New Mexico. We inadvertently neglected to include the initial well location (Flint Unit #1) and objective.

Please be advised that the initial well location will be Township 18 South, Range 36 East, N.M.P.M., Section 5: NE/4 NE/4 (660' FN & EL, Unit A).

HEYCO's primary objective is the Bone Spring formation, or to 9400 feet.

If you need any further information, please call.

Very truly yours,


Shari A. Darr
Land Manager

SAD/dlm

flintloc.slo/LL