



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Pecos District
Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



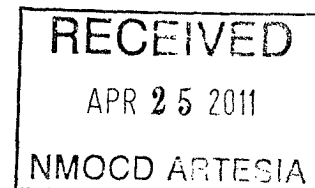
NM-109672X
3180 (P0220)

Your Reference:
Arley Federal Unit
Unitization Agreement No. NM-109672X
Eddy County, New Mexico

APR 21 2011

CERTIFIED—RETURN RECEIPT REQUESTED
7010 1870 0001 1848 2891

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118



Gentlemen:

Your letter of August 31, 2010, describes the lands remaining in the Arley Federal Exploratory Unit "NM-109672X", Eddy County, New Mexico (Exhibit B) effective October 23, 2008, pursuant to Section 2(e) of the unit agreement and should request our concurrence. The lands you have described contain 318.44 acres, more or less, and constitute all legal subdivisions, and are in the Initial Upper Pennsylvanian Participating Area "NM-109672A". As a result of the automatic elimination, the unit area is reducing from 2,925.50 acres to 318.44 acres.

The following Federal leases are eliminated from the unit area:

Tract No.	Description of lands T20S -R23E	Acres	Case/Serial Number
1	Section 6: Lots 1,2, N2	317.88	NM-92146
1	Section 7: Lots 1,2,3,4, E2W2	318.04	NM-92146
2	Section 7: NE4, N2SE4	240.00	Nm-93458
3	Section 18: Lots 1-4, E2W2, NE4, N2SE4, SW4SE4	598.88	NM-93459
4	Section 18: SE4SE4	40.00	NM-102891
5	Section 1: Lots 1,2,7,8,9,10,11, W2SE, SWNE and Section 12: Lots 1,2,3,4, W2E2, W2	1012.26	NM-103573

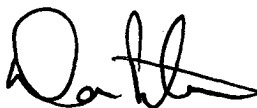
The following Federal leases are contained within the unit area:

Tract No.	Description of lands T20S -R23E	Acres	Case/Serial Number
1	Section 6: Lots 3, 4, E2SW4, SE4	318.44	NM-92146

You have complied with the requirements of Section 2(e), provided you promptly notify all interested parties. Please contact Edward G. Fernandez, Petroleum Engineer at 575-234-2220 if you have any questions.

Pursuant to 43 CFR 3107.4, these eliminated leases are entitled to an extension since the public interest requirement for the unit has been met. The leases shall continue in effect for the original term of the lease or for 2 years after their elimination from the unit agreement. The 2 year extension has expired on October 23, 2010.

Sincerely,



Don Peterson
Assistant Field Manager,
Lands and Minerals

cc: Commissioner of Public Lands
State Land Commissioner
ONRR, Denver
NMOCD
NM (9210)
NM (P0220)