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PATRICK H. LYONS  
COMMISSIONER

*State of New Mexico*  
*Commissioner of Public Lands*

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

COMMISSIONER'S OFFICE

Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

March 3, 2010

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

Attn: Mr. Cody Moore

Re: 2010 Plans of Development  
Faron State Unit  
Lea County, New Mexico

Dear Mr. Moore:

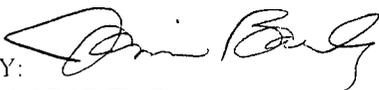
The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

Our records reflect that this unit has an auto elimination date of March 21, 2010.

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

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS



BY:  
JAMI BAILEY, Director  
Oil, Gas and Minerals Division

PL/JB/jm

xc: Reader File

OCD=Ed Martin

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University



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COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
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www.nmstatelands.org

March 18, 2010

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

Attn: Ms. Barbara Nelson

Re: Voluntary Termination  
Faron State Exploratory Unit  
Chaves and Lea Counties, New Mexico

Dear Ms. Nelson:

Your letter of March 1, 2010 has been received by this office. As operator of the captioned unit, your letter requests the voluntary termination of the Faron State Exploratory Unit Agreement. Enclosed with your letter of March 1, 2010 are ratifications of over 99% of the working interest owners requesting the unit termination.

Pursuant to Article 17 of the Faron State Exploratory Unit Agreement, please be advised that this office has terminated the Faron State Exploratory Unit Agreement effective March 18, 2010.

Please notify all interested parties of this action.

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

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAM BAILEY, Director  
Oil, Gas & Minerals Division  
PL/JB/pm

pc: Reader File  
~~NMOCD Attention: Mr. Ed Martin~~  
TRD-Attention: Mr. Valdean Severson  
RMD-Attn: Mr. Kurt McFall

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

UNIT NAME: FARON STATE EXPLORATORY UNIT  
OPERATOR: YATES PETROLEUM CORPORATION  
COUNTY: LEA

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 03/21/2005		6397.42	6397.42	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--03-21-2005  
OCD--03-14-2005 CASE NO. 13404  
ORDER NO. R-12301

TOWNSHIP 08 SOUTH, RANGE 32E  
SECTION 32: ALL

**TERMINATED**  
**EFFECTIVE DATE 3-18-2010**  
**APPROVAL DATE 3-18-2010**

TOWNSHIP 09 SOUTH, RANGE 32 EAST  
SECTION 3: Lots 1, 2, 3, 4, S/2N/2, S/2  
SECTION 4: Lots 1, 2, 3, 4, S/2N/2, S/2  
SECTION 5: Lots 1, 2, 3, 4, S/2N/2, S/2  
SECTION 6: Lots 1, 2, 3, 4, 5, 6, 7, SE/4NW/4, E/2SW/4, SE/4, S/2NE/4  
SECTION 8: ALL  
SECTION 9: ALL  
SECTION 10: ALL  
SECTION 16: ALL  
SECTION 17: ALL