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PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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June 20, 2007

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

Attention: Mr. Robert Bullock

Re: Voluntary Termination
Big Hat State Unit
Lea County, New Mexico

Dear Mr. Bullock:

Your letter of June 12, 2007 has been received by this office. Your letter requests the voluntary termination of the Big Hat State Unit Agreement. Enclosed with your letter of June 12, 2007 are ratifications of over 75% of the working interest owners requesting the unit termination.

Pursuant to Article 17 of the Big Hat State Unit Agreement, please be advised that this office has terminated the Big Hat State Unit Agreement effective June 20, 2007.

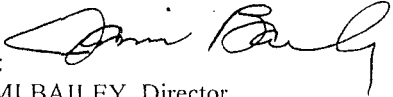
Please notify all interested parties of this action.

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:


JAMI BAILEY, Director
Oil, Gas & Minerals Division
PL/JB/pm

pc: Reader File, Commissioner's File
NMOCD Attention: Mr. David Catanach
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: BIG HAT STATE UNIT
 OPERATOR: YATES PETROLEUM CORPORATION
 COUNTY: LEA

DATE APPROVED	OCD CASE NO. OCD ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 6/24/2002	CASE NO. 12870 ORDER NO. R-11779	3261.32	3261.32	0	0	STRICT	5 YEARS & SO LONG AS

APPROVALS

SLO-6/24/2002
 OCD-6/7/2002

TOWNSHIP 16 SOUTH, RANGE 33 EAST

SECTION 2: ALL
 SECTION 3: ALL
 SECTION 10: ALL
 SECTION 11: ALL

TERMINATED
 EFFECTIVE DATE 6/30/07
 APPROVAL DATE 6/20/07