

PATRICK H. LYONS COMMISSIONER

State of New Mexico Commissioner of Public Lands 310 OLD SANTA FETRAIL

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

August 2, 2007

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

Attn:

Mr. Robert Bullock

Re:

2006 Plan of Development

Milsap State Unit

Lea County, New Mexico

Dear Mr. Bullock:

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.

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

Oil, Gas and Minerals Division

PL/JB/im

xc: Reader File

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