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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

December 19, 2007

Mewbourne Oil Company 5600 W. Texas, Suite 1020 Midland, Texas 79701

Attn: Mr. Steven J. Smith

Re: Commercial Well Determination Horseshoe State Unit Well No. 1 API # 30-015-34164 S/2 Sec. 28 and W/2 Sec. 33 Township 23 South, Range 25 East Eddy County, New Mexico

Dear Mr. Smith:

We received your letter of December 13, 2007 together with data that supports your commercial determination regarding the Horseshoe State Unit Well No. 1.

The Commissioner of Public Lands concurs with Mewbourne Oil Company's determination that the abovementioned well is a commercial well in the Morrow formation.

Pursuant to Article 9 of the unit agreement, please submit your 2008 Plan of Development to this office for approval.

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/pm cc: Reader File OCD-Attention: Mr. Ed Martin

-State Land Office Beneficiaries -

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COMMISSIONER'S OFFICE

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