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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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January 15, 2009

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

Attn: Mr. Robert Bullock

Re: Termination
Hoyt State Exploratory Unit
Effective January 15, 2009
Lea County, New Mexico

13638

Dear Mr. Bullock:

A review of the Hoyt State Exploratory Unit reveals the following:

- The Hoyt State Exploratory Unit was approved effective December 14, 2006.
- The Hoyt State Exploratory Unit Well No. 1 was plugged and abandoned on December 15, 2007.
- Pursuant to Article 8 of the Exploratory Unit agreement, the second Exploratory Unit well was due to be commenced on or before June 15, 2008.
- Our letter of May 12, 2008 granted Yates Petroleum Corporation a drilling extension to January 15, 2009 within which time to spud the next exploratory unit well.
- Your phone call of January 7, 2009 advised this office that the second well will not be drilled and therefore the Unit will terminate by its own terms.

In view of the above, please be advised that, pursuant to Article 8 of the agreement, the Hoyt State Exploratory Unit has been terminated effective January 15, 2009. 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 and Minerals Division

PI/JB/pm

cc: Reader File
OCD-Santa Fe Attention Mr. Ed Martin
TRD-Santa Fe Attention Mr. Valdean Severson

-State Land Office Beneficiaries -

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