



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

January 13, 1999

Apache Resources Corp.
2000 Post Oak Blvd.
Houston, TX 77056

NOTICE

Notice is given that State Oil and Gas Lease Number K03592, Assignment Number 0003, original dated 09/17/1963, has been cancelled for non-payment of rental as specified in the notice previously sent to you by certified mail. State Land Office records have been noted to reflect the action taken.

Notice is also given that if any assignments or other instruments of transfer of royalties in the lease production have been recorded in the office of the county clerk wherein these lands are situated, the holders of such instruments must see that they are released from record as required by law. (Section 70-1-1, NMSA 1978 {1995 Repl. Pamp.}).

Notice is further given that the Commissioner of Public Lands will look to you, as lessee of record at the State Land Office, for reimbursement to the State for any production from the premises formerly leased to you that occurs after lease cancellation as a consequence of your failure to notify working interest owners of lease termination. You should therefore immediately notify in writing all holders of working interests in the lease that the lease has cancelled effective 01/13/99.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

By:


Jami Bailey, Director
Oil, Gas & Minerals Division
(505) 827-5744

RP/JB/dv

"WE WORK FOR EDUCATION"