



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



IN REPLY REFER TO:

NM119881X

3180 (P0220)

MAY 22 2013

CERTIFIED – RETURN RECEIPT REQUESTED:

7012 3460 0001 7403 8970

Yates Petroleum Corporation

105 South Fourth Street

Artesia, NM 88210-2118

Re: Thurman Draw Unit Termination NM119881X

Thurman Draw Unit #1H

Eddy County, New Mexico

Gentlemen:

Pursuant to a meeting between the BLM Carlsbad Field Office on January 22, 2013, it was stated that the Unit would terminate on January 31, 2013. However, during this meeting, the BLM agreed to allow additional time for Yates Petroleum Corporation to test the Delaware formation on the Thurman Draw Unit well No.1H. The Unit will automatically terminate on May 31, 2013 unless it has been determined sooner by Yates that the Delaware formation is wet and non-commercial.

As per weekly status reports received by this BLM office, the Delaware recompletion was unsuccessful and the well was returned to its original status. This office has determined that the Thurman Draw Unit well No.1H, is not producing in paying quantities under the current status and does not qualify as a commercial well under section 9 of the Unit Agreement. Technically, the Unit should have terminated automatically on September 21, 2011, pursuant to Section 9 of the unit agreement (failure to meet drilling requirements). However as per attached letter agreement, the Thurman Draw Unit NMNM119881X, Eddy County, New Mexico, automatically terminates effective May 31, 2013, pursuant to Section 9 of the unit agreement (failure to meet drilling requirements). This is also subject to like approval the State Commissioner of Public Lands.

Pursuant to 43 CFR 3183.4(b) and Section 9: Drilling to Discovery, of the unit agreement, the Public Interest Requirement has been fulfilled, and the following leases NM100533, NM100534, and NM116002, will be entitled to a two year extension pursuant to 43 CFR 3107.3-2 and 3107.4, effective the date the Unit is terminated.

Yates can continue developing the area on a lease basis without the requirements of dealing with a Federal unit. This is also subject to like approval by the State Commissioner of Public Lands.

Please furnish all interested principals with appropriate evidence of this unit termination.

Copies of this letter are being distributed to the appropriate agencies. If you have any questions regarding this request, please contact Edward G. Fernandez, Petroleum Engineer at (575) 234-2220.

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Sincerely,

A handwritten signature in black ink, appearing to read "G. MacDonell", written in a cursive style.

George MacDonell
Assistant Field Manager,
Lands and Minerals

cc: Commissioner of Public Lands
ONRR, Denver
NMOCD
NM (9210)
NM (P0220)



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NM119881X

3180 (P0220)

JAN 24 2013

CERTIFIED – RETURN RECEIPT REQUESTED:

7012 2210 0001 2089 3080

Yates Petroleum Corporation

105 South Fourth Street

Artesia, NM 88210-2118

Re: Thurman Draw Unit NMNM119881X

Thurman Draw Unit #1H

Eddy County, New Mexico

Gentlemen:

This office has determined that the Thurman Draw Unit well No.1H, with an initial potential of 1,781 MCFPD and a flowing tubing pressure of 110 psi, is not producing in paying quantities under the current status and does not qualify as a commercial well under section 9 of the Unit Agreement. Technically, the Unit should have terminated automatically on September 21, 2011, pursuant to Section 9 of the unit agreement (failure to meet drilling requirements).

Pursuant to a meeting between the BLM Carlsbad Field Office on January 22, 2013, it was stated that the Unit will terminate on January 31, 2013. However, during this meeting, the BLM agreed to allow additional time for Yates Petroleum Corporation to test the Delaware formation on the Thurman Draw Unit well No.1H. The Unit will automatically terminate on May 31, 2013 unless it has been determined sooner by Yates that the Delaware formation is wet and non-commercial.

Yates shall be required to provide the BLM with weekly well status reports via email when the plug back procedures begin on the Thurman Draw Unit well No.1H. If the well is determined to be wet and non-commercial by Yates before May 31, 2013, the operator shall terminate the Unit as of that determination date.

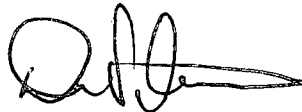
Pursuant to 43 CFR 3183.4(b) and Section 9: Drilling to Discovery, of the unit agreement, the Public Interest Requirement has been fulfilled, and the following leases NM100533, NM100534, and NM116002, will be entitled to a two year extension pursuant to 43 CFR 3107.3-2 and 3107.4, effective the date the Unit is terminated.

Yates can continue developing the area on a lease basis without the requirements of dealing with a Federal unit. This is also subject to like approval by the State Commissioner of Public Lands.

Copies of this letter are being distributed to the appropriate agencies. If you have any questions regarding this request, please contact Edward G. Fernandez, Petroleum Engineer at (575) 234-2220.

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Sincerely,

A handwritten signature in black ink, appearing to read 'Don Peterson', with a long horizontal stroke extending to the right.

Don Peterson
Assistant Field Manager,
Lands and Minerals

cc: Commissioner of Public Lands
ONRR, Denver
NMOCD
NM (9210)
NM (P0220)



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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

March 5, 2013

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

Attn: Mr. Joseph Scott

Re: Thurman Draw Unit
Extension to May 31, 2013
Eddy County, New Mexico

Dear Mr. Scott:

We are in receipt of your e-mailed letter of March 4, 2013 wherein you have requested an extension to May 31, 2013 to test the Delaware formation on the Thurman Draw Unit Well No. 1H.


It is our understanding that the Unit will automatically terminate on May 31, 2013 unless it has been determined sooner by Yates that the Delaware formation is wet and non-commercial.

The Commissioner of Public Lands has this date approved your request and hereby grants you an extension to May 31, 2013. Please advise this office of the recompletion status of the Thurman Draw Unit Well No. 1H.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

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

BY: 
Larry J. Roybal, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LR/pm

cc: Reader File,

OCD-Attention: Mr. Ed Martin

BLM-Carlsbad Attention: Mr. Wesley Ingram



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

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IN REPLY REFER TO:

NM119881X

3180 (P0220)

JAN 24 2013

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7012 2210 0001 2089 3080

Yates Petroleum Corporation

105 South Fourth Street

Artesia, NM 88210-2118

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Thurman Draw Unit #1H

Eddy County, New Mexico

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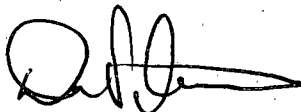
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Sincerely,



Don Peterson
Assistant Field Manager,
Lands and Minerals

cc: Commissioner of Public Lands
ONRR, Denver
NMOCD
NM (9210)
NM (P0220)

RECEIVED OGD
2013 MAY -6 P 2:50



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

RECEIVED
2013 MAR -7 P 2:25
COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

March 5, 2013

Yates Petroleum Corporation
105 South Fourth Street
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Very truly yours,

RAY POWELL, M.S., D.V.M.
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Larry J. Roybal, Director
Oil, Gas and Minerals Division
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cc: Reader File,
OCD-Attention: Mr. Ed Martin
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