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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

June 17, 2011

Torch Energy Services, Inc.  
1331 Lamar, Suite 1450  
Houston, Texas 77010

Attn: Mr. Randy Ziebarth

Re: Notice of Termination  
San Juan Mesa 4-30 Unit State Exploratory Unit  
Roosevelt County, New Mexico

Dear Mr. Ziebarth:

Please be advised that State of New Mexico Oil and Gas Lease Nos. V0-8006-1 and V0-8019-1 issued to NM Back Nine Exploration Partners, L.L.C. were cancelled for non-payment of rentals on June 16, 2011. A review of these leases reveals that they were within the San Juan Mesa 4-30 Exploratory Unit area.

Pursuant to your telephone conversation with Pete Martinez of this office on June 16, 2011 you advised that the initial well drilled in this unit had been plugged and abandoned and you had no further plans to drill in this unit. You were also advised that the cancellation of the subject leases jeopardized control of the unit area.

In view of the above please be advised that this office has terminated the San Juan Mesa 4-30 unit agreement effective June 16, 2011.

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,

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

BY:

*Larry J. Roybal*  
Larry J. Roybal, Director

Oil, Gas and Minerals Division

(505) 827-5744

RP/LR/pm

cc: Reader File,  
NMOCD Attention: Mr. Ed Martin  
TRD-Attention: Mr. Valdean Severson  
RMD-Attn: Mr. Kurt McFall

**TERMINATED**

EFF: 6-16-2011

UNIT NAME: SAN JUAN MESA 4-30 UNIT  
OPERATOR: TORCH ENERGY ADVISORS  
COUNTY: ROOSEVELT

APPROVED JUN 17 2011

DATE APPROVED	OCD CASE NO. OCD ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 7/21/2010	CASE NO. 14495 ORDER NO. R-13291	8,760	2,240	0.00	6,520	STRICT	5 YEARS & SO LONG AS

**APPROVALS**

SLO-7/21/2010  
OCD-6/29/2010

TOWNSHIP 04 SOUTH, RANGE 30 EAST

SECTION 3: S/2  
SECTION 9: ALL  
SECTION 10: ALL  
SECTION 11: NW/4, S/2NE/4, SE/4, S/2SW/4  
SECTION 12: W/2SW/4  
SECTION 14: N/2, S/2SE/4  
SECTION 15: ALL  
SECTION 16: ALL  
SECTION 17: E/2  
SECTION 20: ALL  
SECTION 21: ALL  
SECTION 22: ALL  
SECTION 23: NW/4, W/2NE/4, S/2  
SECTION 26: N/2  
SECTION 27: ALL  
SECTION 28: ALL  
SECTION 29: N/2, NE/4SE/4, SW/4

**TERMINATED**

EFF: 6-16-2011

APPROVED JUN 17 2011