

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 OCD

COMMISSIONER'S OFFI 2011 A Phone (503) 827-3760 Fax (505) 827-5766 www.nmstatelands.org

August 17, 2011

J. D. Murchison Interests, Inc. 1100 Mira Vista Blvd., Plano, Texas 75093-4698

Attn: Mr. Brett Austin

Re:

Voluntary Termination

Hightower State Exploratory Unit Eddy County, New Mexico

Dear Mr. Austin:

Your letter of July 16, 2011 has been received by this office. As operator of the captioned unit, your letter requests the voluntary termination of the Hightower State Exploratory Unit Agreement. Enclosed with your letter of July 16, 2011 are ratifications of over 90% of the working interest owners requesting the unit termination.

Pursuant to Article 17 of the Hightower State Exploratory Unit Agreement, please be advised that this office has terminated the Hightower State Exploratory Unit Agreement effective August 17, 2011.

It is our understanding that the production from the Hightower Well Nos. 1, 2 and 3 will now be on a lease basis.

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

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