



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

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www.nmstatelands.org

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

January 2, 2014

Apache Corporation
303 Veterans Airpark Lane, Suite 3000
Midland, Texas 79705-9909

Attn: Ms. Michelle Hanson

Re: Notice of Termination
Uno State Exploratory Unit Agreement
Lea County, New Mexico

Dear Ms. Hanson:

Our records reflect that Apache Corporation is the operator of record for the Uno State Exploratory Unit, Lea County, New Mexico.

Article 8, Drilling to Discovery provides that: The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to 10,000' (TVD) (True Vertical Depth) and 14,000' MD (Measured Depth) sufficient to encounter the top of the Wolfcamp formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 10,000 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known address, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

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Our records reflect the following:

- The Uno State Exploratory Unit Agreement was approved effective January 20, 2010.
- The Uno State Exploratory Unit Well No. 2H (30-025-39830) was completed on January 7, 2011 as a non-commercial well.
- The High Plains State Com Well No. 1H (30-025-40334) was completed on March 22, 2012 as a non-commercial well.
- Pursuant to Article 8 of the unit agreement, the next exploratory well was due to be commenced on or before September 22, 2012.
- As of this date no additional drilling within the unit boundaries has occurred.

Pursuant to Article 8, of the unit agreement, please be advised that the Uno State Exploratory Unit Agreement has this date been terminated effective September 22, 2012 being the date the next unit well was due to be commenced.

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, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LR/pm

cc: Reader File,
NMOCD-Attention: Mr. Ed Martin
TRD-Attention: Ms. Joan Ishimoto
RMD-Attention: Mr. Kurt McFall



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State of New Mexico
Commissioner of Public Lands

PATRICK H. LYONS
COMMISSIONER

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August 31, 2010

Apache Corporation
303 Veterans Airpark Lane
Suite 3000
Midland, Texas 79705-4561

Attn: Ms. Michelle Hanson

Re: Resignation/Designation of Successor Unit Operator
Uno State Exploratory Unit
Lea County, New Mexico

Dear Ms. Hanson:

We are in receipt of your request for approval of unit operator of the Uno State Exploratory Unit.

The Commissioner of Public Lands has this date approved Apache Corporation as the successor unit operator of this unit and the resignation from Pedernales Production, LP. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

This change in operators is effective January 1, 2010. In accordance with this approval, Apache Corporation is now responsible for all operations and the reporting of all production from the unit.

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

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director
Oil/Gas and Minerals Division
PL/JB/jm

xc: Reader File
cc: Pedernales Production, LP OCD-Ed Martin

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University