



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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October 5, 2016

Yates Petroleum Corporation
105 S. 4th St.
Artesia, NM 88210

Attn: Ms. Michelle Taylor

Re: Termination Notice
Sanmal Queen Unit Agreement
Lea County, New Mexico

Case 10763

2016 OCT 17 P 2:12
RECEIVED OCT

Dear Ms. Taylor:

Our records reflect that Yates Petroleum Corporation is operating the Sanmal Queen Unit area, Lea County, New Mexico.

Our records reflect the following:

- The Sanmal Queen Unit Agreement was approved effective November 1, 1993.
- The date of last production from this unit was December 2015.
- Article 18.1 Term states the following: "the term of this agreement shall be for the time that unitized substances are produced in paying quantities and so long thereafter as Operations are conducted without a cessation of more than one hundred eighty (180) consecutive days, unless sooner terminated by Working Interest Owners in the manner herein provided."

In view of the above, pursuant to Article 18.1 of the Sanmal Queen Unit Agreement, please be advised that the Commissioner of Public Lands has this date terminated the Sanmal Pearl Queen Unit agreement effective October 5, 2016.

Please notify all interested parties of this action.

If you have any questions, or if we may be of further assistance, please contact Units Manager Marilyn Gruebel at 505.827.5791 or units Analyst Sue Keelin at 505.827.5783.

Respectfully,

AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/sk

cc: Reader File,
NMOCD Attention: Mr. Daniel Sanchez ✓
TRD-Attention: Ms. Billie Luther
RMD-Attn: Mr. Danny Martinez6