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PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE
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February 25, 2008

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

Attn: Mr. Bonnie Floore

Re: 2007 Plan of Development
Merle State Unit
Lea County, New Mexico

Dear Mr. Floore:

The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

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

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/jm
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