



PATRICK H. LYONS
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 OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

2010 JUL 29

July 21, 2010

Torch Energy Advisors
1331 LAMAR, Suite 1450
Houston, Texas, 77010-3039

Attention: Mr. R. Keith Turner

Re: Final Approval
San Juan Mesa 4-30 Unit Agreement
Roosevelt County, New Mexico

Dear Mr. Turner:

This office is in receipt of your letter of July 12, 2010, wherein you have requested final approval to the San Juan Mesa 4-30 Unit Agreement, Roosevelt County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the San Juan Mesa 4-30 Unit Agreement, Lea County, New Mexico. Our approval is subject to like approval by the New Mexico Oil Conservation Division. It is our understanding that all tracts are committed to the unit at this time.

Enclosed are (5) Certificates of Approval.

Your \$510.00 filing fee has been received.

Please notify this office when the initial well has been spudded. In addition, you are required to submit continuous daily drilling reports until the initial well is completed.

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: *John H. Benier*
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
PL/JB/pm
pc: Reader File,
OCD-Santa Fe, Attn: Mr. Ed Martin
TRD-Attn: Mr. Valdean Severson
RMD-Attn: Mr. Kurt McFall

-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

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

DATE	OCD CASE NO.	TOTAL	INDIAN	SEGREGATION	TERM
APPROVED	OCD ORDER NO.	ACREAGE	FEE	CLAUSE	

EFFECTIVE	CASE NO. 14495				
7/21/2010	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



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COMMISSIONER'S OFFICE

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June 17, 2010

Torch Energy Advisors
1331 Lamar, Suite 1450
Houston, Texas 77010-3039

Attention: Mr. R. Keith Turner

Re: Preliminary Approval
Proposed San Juan Mesa 4-30 Exploratory Unit
Roosevelt County, New Mexico

Dear Mr. Turner:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed San Juan Mesa 4-30 Exploratory Unit area, Roosevelt County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:
 - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. That such unit agreement is in other respects for the best interest of the trust.
3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

-State Land Office Beneficiaries -

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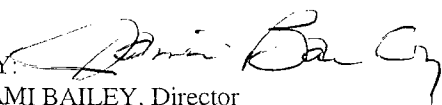
Torch Energy Advisors
June 17, 2010
Page 2

5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement (if applicable).
7. Copies of all the well records for the initial unit well.
8. The filing fee for a unit agreement is \$30 for every section or partial section thereof. Please submit a filing fee in the amount of \$510.00.
9. Please ratify the Agreement to Maintain the State's Tract Percentages. It is our understanding that the operator will hold the Commissioner of Public Lands, agents and employees harmless from any liability, loss, damages or expenses which may arise regarding any actions or misunderstandings by any Fee or other owners regarding the State's tract participation and approval of this unit.
10. Torch Energy Advisors, as operator, must submit a \$20,000 surface improvement damage bond.

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 & Minerals Division
(505) 827-5744

PL/JB/pm

cc: OCD-Santa Fe, Attention: Mr. Ed Martin
Holland & Hart, Attention Ms. Ocean Munds-Dry