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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

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

March 3, 2010

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

Attn: Mr. Cody Moore

Re: 2010 Plans of Development
Milsap State Unit
Lea County, New Mexico

Dear Mr. Moore:

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.

Our records reflect that this unit has an auto elimination date of January 3, 2011.

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

PL/JB/jm
xc: Reader File

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



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2011 JAN -5 11:09
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December 27, 2010

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

Attn: Ms. Barbara Nelson

Re: Voluntary Termination
Milsap State Exploratory Unit
Lea County, New Mexico

Dear Ms. Nelson:

Your letter of November 30, 2010 has been received by this office. As operator of the captioned unit, your letter requests the voluntary termination of the Milsap State Exploratory Unit Agreement. Enclosed with your letter of November 30, 2010 are ratifications of over 90% of the working interest owners requesting the unit termination.

Pursuant to Article 17 of the Milsap State Exploratory Unit Agreement, please be advised that this office has terminated the Milsap State Exploratory Unit Agreement effective December 27, 2010.

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,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: *John Bemis*
JOHN BEMIS, Assistant Commissioner
Mineral Resources
PL/JB/pm

pc: Reader File
NMOCD Attention: Mr. Ed Martin
TRD-Attention: Mr. Valdean Severson
RMD-Attn: Mr. Kurt McFall

-State Land Office Beneficiaries -

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UNIT NAME: MILSAP STATE EXPLORATORY UNIT
OPERATOR: YATES PETROLEUM CORPORATION
COUNTY: LEA

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 1/03/2006	CASE NO. 13591 ORDER NO. R-12469	2220.16	2180.16 Committed	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--1-03-2006
OCD--12-27-2005

TOWNSHIP 12 SOUTH, RANGE 33 EAST

SECTION 25: ALL
SECTION 36: ALL

TOWNSHIP 12 SOUTH, RANGE 34 EAST

SECTION 31: LOTS 1-4, W/2, E/2W/2

TOWNSHIP 13 SOUTH, RANGE 34 EAST

SECTION 6: LOTS 1-5, SW/4NE/4, SE/4NW/4

TERMINATED
EFFECTIVE DATE 12-27-10
APPROVAL DATE 12-27-10