



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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January 3, 2017

Xeric Oil & Gas Corporation
14781 Memorial Drive, Ste. 1754
Houston, TX 77079

Attn: Ms. Victoria Hirschfeld

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

Dear Ms. Hirschfeld:

Our records reflect that Xeric Oil & Gas Corporation is the Operator of Record for the Mesa Queen Unit area, Lea County, New Mexico.

Our records reflect the following:

- The Mesa Queen Unit Agreement was approved effective July 24, 1968.
- The date of last production from this unit was August 2010.
- Section 22 of the Unit Agreement titled "Effective Date and Term" states the following:
"The term of this agreement shall be for and during the time that Unitized Substances are produced in paying quantities from the Unit Area and as long thereafter as diligent drilling, reworking or other operations (including secondary recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days, and as long thereafter as Unitized Substances are produced as aforesaid, unless sooner terminated by Working Interest Owners in the manner herein provided."

Pursuant to Section 22 of the Unit Agreement, please be advised that the Commissioner of Public Lands has this date (January 3, 2017) terminated the Mesa Queen Unit Agreement.

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.

Respectfully,


AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/mg

cc: Reader Files
NMOCD Attn: Mr. Daniel Sanchez
TRD-Attn: Ms. Billie Luther
RMD-Attn: Mr. Danny Martinez

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