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PATRICK H. LYONS  
COMMISSIONER

*State of New Mexico*  
*Commissioner of Public Lands*

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October 29, 2007

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

Attn: Mr. W. Lucky Briggs

Re: Termination  
Dehavilland State Unit  
Lea County, New Mexico

Dear Mr. Briggs:

A review of the Dehavilland State Unit reveals the following:

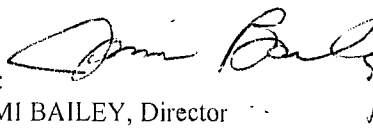
- The Dehavilland State Unit was approved effective December 16, 2005.
- The Dehavilland State Unit Well No. 1 was completed on October 4, 2006 as a non-commercial well.
- Pursuant to Article 8 of the unit agreement, the second unit well was due to be commenced on or before April 4, 2007.
- Our letter of March 29, 2007 granted Yates Petroleum Corporation a six-month drilling extension to October 4, 2007 within which time to spud the next unit well.
- Your letter received on October 22, 2007 advised that the second well will not be drilled and therefore the Unit has terminated.

In view of the above, please be advised that, pursuant to Article 8 of the agreement, the Dehavilland State Unit has been terminated effective October 4, 2007. 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:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division

PI/JB/pm

cc: Reader File  
OCD-Santa Fe Attention Mr. David Catanach  
TRD-Santa Fe Attention Mr. Valdean Severson

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-State Land Office Beneficiaries -

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