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State of New Mexico Commissioner of Public Lands

COMMISSIONER'S OFFICE

Phone (505) 827-5760 Fax (505) 827-5766 www.nmstatelands.org

PATRICK H. LYONS COMMISSIONER

> 310 OLD SANTA FE TRAIL P.O. BOX 1148 SANTA FE, NEW MEXICO 87504-1148

February 25, 2008

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

Attn: Mr. Bonnie Floore

Re: 2007 Plan of Development Waylon 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.

Our records reflect this unit will contract on June 11, 2008.

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

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

PL/JB/jm xc: Reader File

OCD

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