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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-2019
www.nm.blm.gov

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In Reply Refer To:
NM-106852-X
3180 (P0130)

OCT 13 2010

CHM, LLC
3224 Candelaria NE
Albuquerque, NM 87107

Gentlemen:

The suspension of operations for the Cat Head Mesa Unit Agreement, Socorro County, New Mexico was approved by our letter dated November 4, 2009. This was a six-month suspension effective November 4, 2009 and terminated May 4, 2010. The suspension that terminated May 4, 2010 included all Federal leases committed to the unit.

Rentals for Federal leases committed to the Cat Head Mesa Unit were due August 31, 2010. The rentals have not been paid therefore the Cat Head Mesa Unit Agreement numbered NMNM-106852-X terminated August 31, 2010. Diligent drilling operations were not pursued in the development of the unit area as defined in the Public Interest Requirement 43 CFR 3183.4(b) therefore the committed Federal leases are considered terminated August 31, 2010. The terminated Federal leases are; NM-91532, NM-91533, NM-91534, NM-91535, NM-91536, NM-91537, NM-91538, NM-91539, NM-91540, NM-91587, NM-93025, NM-93026, NM-93028, NM-93029 and NM-97648. The Federal leases contain a total of 26,499.79 acres more or less.

The Cat Head Mesa Unit No. 4 well located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 23, T. 4 S., R. 9 E., NMPM on Federal Lease NM-91538 was plugged on September 23, 2008 and approved on April 7, 2009. Bond Coverage under your \$25,000.00 Statewide BLM Bond Number NMB000597 will be maintained until surface restoration requirements are completed and final abandonment is approved. The Socorro Field Office should advise the BLM New Mexico State Office when such action has been completed.

If you have any questions regarding this letter, please call David Glass, Petroleum Engineer at the Division of Lands and Minerals at (575) 627-0275.

Sincerely,

/s/ Angel Mayes

Angel Mayes
Assistant Field Manager,
Lands and Minerals

cc:

MMS-Denver

Commissioner Of Public Lands-State Of New Mexico

NMOCD-Santa Fe ✓

LLNM (92100)

LLNM (P0130, Unit Agrmt. File No. NMNM-106852-X)