



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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May 11, 2015

Certified Mail
Return Receipt Requested

Caza Petroleum Co.
10077 Grogan's Mill Rd., Suite 200
The Woodlands, TX 77380

ATTN: Richard R. Albro

RE: Oil and Gas Leases on NM State Trust Lands

Dear Mr. Albro:

Caza has invoked Paragraph 14 of Lease No. VB-1659-0 for the Forehand Ranch 22 #1 well. After further consideration, we have found that:

1. Paragraph 14 requires that the lessee conduct "bona fide drilling or reworking operations" on the wellbore.
2. Such operations must be "diligently prosecuted".
3. Use of a "spudder" rig and the intermittent rate of it's associated drilling, does not constitute diligent progress.

Therefore, absent any additional information showing an indication of lease operations which are required by Paragraph 14 of the leases, the following lease will be terminated on November 11, 2015:

VB-1659-0 Forehand Ranch 22 #1

If you have any questions, please do not hesitate to contact Ed Martin at 505-827-5746 or emartin@slo.state.nm.us

NEW MEXICO STATE LAND OFFICE


AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/TGW/EM/ah

cc: Richard Wright, Caza Petroleum Co.
John E. "Jay" Brown, CPL, Caza Petroleum Co.
Bureau of Land Management, ATTN: Ed Fernandez, Carlsbad District
New Mexico Oil Conservation Division, Hobbs and Artesia Districts

NM OIL CONSERVATION
ARTESIA DISTRICT

MAY 15 2015

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