



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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May 11, 2015

Certified Mail
Return Receipt Requested

Maverick Operating, LLC/ Maverick Oil and Gas Corporation
1004 N. Big Spring, Suite 121
Midland, TX 79701

ATTN: Mr. Ben Kimbrough

RE: Oil and Gas Leases on NM State Trust Lands

Dear Mr. Kimbrough:

Maverick has invoked Paragraph 14 of Lease No. V0-8724-0 for the State 12 #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:

V0-8724-0 State 12 #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

30-025-41842

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COMMISSIONER OF PUBLIC LANDS

AD/TGW/EM/ah

cc: Teresa Mitchell, Maverick Operating, LLC
Jackie Lathan, Maverick Operating, LLC, P.O. Box 5270, Hobbs, NM 88241
Bureau of Land Management, ATTN: Ed Fernandez, Carlsbad District
New Mexico Oil Conservation Division, Hobbs and Artesia Districts