

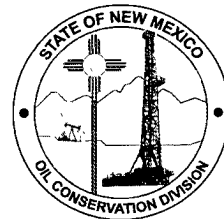


New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary
Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 24, 2010

ATT: Clifton May
Yates Petroleum Corp
105 S. 4th Street
Artesia, NM 88210

RE: CANCELLATION OF INTENT TO DRILL

Taco AUK State #4-H, 10-10s-34e, API # 30-025-38394

Milsap State Unit #3-K, 25-12s-32e, API # 30-025-38403

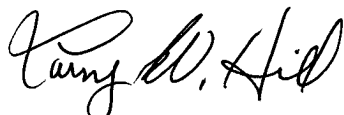
Gentlemen:

Twelve months or more have elapsed since Division Form C-101, Notice of Intention to drill, for the subject well was approved. To date no progress reports, form C-103, have not been received. Therefore, approval of your permit to drill this well has now expired and no drilling operations are to be initiated without further notice to and approval by the Oil Conservation Division. Pending such approval, this location will be considered as an abandoned location.

If drilling has been done, please file subsequent reports of this work immediately to bring this file into current status.

Truly yours,

OIL CONSERVATION DIVISION



Larry Hill
District I Supervisor

CC: OCD Santa Fe
OCD Hobbs
BLM
State Land Office

