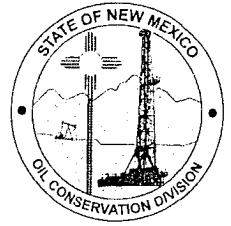


New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Brett F. Woods, Ph.D.
Acting Cabinet Secretary

Daniel Sanchez
Acting Division Director
Oil Conservation Division



February 28, 2011

Yates Petroleum Corp
ATT: Michelle Taylor
105 S. 4th. Street
Artesia, NM 88210

RECEIVED
MAR 02 2011
HOBBSDO

RE: CANCELLATION OF INTENT TO DRILL

See Attached List

Gentlemen:

Twenty-four months or more have elapsed since Division Form C-101, Notice of Intent to Drill 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

Cancel
30-025-39301

cc: OCD /Santa Fe
OCD/Hobbs
BLM
State Land Office

Oil Conservation Division * 1625 N. French Dr.*

* Hobbs, New Mexico 88240

* Phone: (575) 393-6161 * Fax (575) 392-0720* <http://www.emnrd.state.nm.us>



February 28, 2011

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Yates Petroleum Corp.

Tudor BHD State CFom #1-H, 8-10s-34e, 30-025-38437
Merle State Unit #16-J, 25-10s-34e, 30-025-38489
Lotus ALT State #10-N, 32-22s-32e, 30-025-38693
Lotus ALT State #11-O, 32-22s-32e, 30-025-38694
Big Hat BKK State #9-L, 11-16s-33e, 30-025-38804
Waylon BMA State #5-H, 21-11s-34e, 30-025-39085
Tubb State Unit #2-A, 16-10s-34e, 30-025-39301 ✓