PUBLIC NOTICE

SALE OF OIL AND GAS LEASES

Office of the Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Public Notice is hereby given pursuant to New Mexico Law 1929, Chapter 125, Section B, as amended, and rules and regulations of the State Land Office, that the Commissioner of Public Lands will hold a sale of oil and gas leases at Morgan Hall, Edward J. Lopez State Land Office Building, Santa Fe, New Mexico, at 9:30 a.m., on August 21, 2012 for the tracts of land herein described. The sale will be held and conducted in accordance with the following terms and conditions:

No bids will be considered for less than the whole of any tract, nor for less than the specified minimum acceptable bid. Separate bids must be made for each tract, and a separate remittance made for each bid.

Sealed bids must be plainly marked, "Oil and Gas Sealed Bid" on the outside of the envelope, along with the date and hour to be opened. Sealed bids may be submitted by mail or otherwise to the Commissioner of Public Lands. All bids submitted will be opened at 9:30 a.m. for the Regular Sale, and at the specified time for the Special Sale on said date. The lease will be awarded to the highest bidder, if the offer made is deemed to be satisfactory.

Sealed bids must be on the proper form issued by the New Mexico State Land Office, complete, and notarized, and must be accompanied by a check, money order, or certified check drawn on a solvent bank. This payment must include the amount bid, plus the application fee of $30.00.

Each tract on which no sealed bid is received in the Special Sale may then be offered for oral bidding at the public auction, and awarded to the highest bidder.

The successful bidder in every case of oral bidding will be required to deposit forthwith, in cash or by check, money order or certified check drawn on a solvent bank, the amount bid, plus the application fee of $30.00, and to file application in due form before the close of business on said date.

The applications received pursuant hereto will be deemed to have been filed simultaneously. In all cases, leases will be made on the specified Lease Form as set forth in the Sale Notice. Application forms will be furnished upon request. Form 0-00 (formerly No. OG-57) Bid Application, is applicable to all Lease Forms advertised in this Sale Notice.

Disabled individuals who require aids to participate in the Oil & Gas Lease Sale may call (505) 827-5744, e-mail Debbie Tise at dtise@slo.state.nm.us, or contact Relay New Mexico at (505) 292-0454 or the AT&T Operator Service for TTY at (800) 855-1155.

The State Land Office makes no warranty as to the conditions of the lands. Lessees must comply with all applicable federal and state laws or regulations.

THE COMMISSIONER RESERVES THE RIGHT TO REJECT ANY AND ALL BIDS. ENVELOPES CONTAINING BIDS SHOULD BE MARKED, "OIL AND GAS SEALED BID."

Ray Powell, MS, DVM
COMMISSIONER OF PUBLIC LANDS
NOTICE OF SALE

OIL AND GAS LEASES

BY AUTHORITY VESTED IN ME, I, RAY POWELL, COMMISSIONER OF PUBLIC LANDS, WILL OFFER FOR SALE TO THE HIGHEST BIDDER, OIL AND GAS LEASES ON THE TRACTS OF LAND LISTED BELOW, UNDER THE FOLLOWING CONDITIONS:

1. NO BIDS WILL BE CONSIDERED FOR LESS THAN THE MINIMUM ACCEPTABLE BID AS LISTED IN THE SALE NOTICE, PLUS A $30.00 APPLICATION FEE.
2. EACH BID MUST BE SUBMITTED FOR THE WHOLE OF ANY TRACT HEREIN DESCRIBED.
3. SEPARATE BIDS MUST BE MADE ON EACH TRACT, ACCOMPANIED BY A SEPARATE REMITTANCE.
4. PAYMENT SHALL BE MADE THE DAY OF THE SALE IN CASH, BY CHECK, MONEY ORDER, OR CERTIFIED CHECK ON A SOLVENT BANK.
5. ENVELOPES CONTAINING BIDS SHOULD BE PLAINLY MARKED "OIL AND GAS SEALED BID," GIVING DATE AND TIME OF SALE.
6. IN ALL CASES, LEASES WILL BE ISSUED ON THE APPROPRIATE STATUTORY LEASE FORM AS SET FORTH IN THE SALE NOTICE.
7. APPLICATION FORMS WILL BE MAILED UPON REQUEST. THE APPLICATION FORM MUST ACCOMPANY EACH SEALED BID.
8. ALL MONEY TENDERED BY BIDDERS WILL BE RETURNED IF THEIR BIDS ARE UNSUCCESSFUL.
9. SALE WILL BE HELD IN MORGAN HALL, EDWARD J. LOPEZ STATE LAND OFFICE BUILDING, 310 OLD SANTA FE TRAIL, SANTA FE, NEW MEXICO.
10. THE COMMISSIONER OF PUBLIC LANDS RESERVES THE RIGHT TO REJECT ANY AND ALL BIDS.

RAY POWELL, M.S., D.V.M
COMMISSIONER OF PUBLIC LANDS
SANTA FE, NEW MEXICO
NEW MEXICO STATE LAND OFFICE
LEASE SALE NOTICE
***************************************************************************
SEAL TRACTS ***************************************************************************

Regular Sale - DEADLINE FOR SEALED BIDS IS 9:30 AM - AUGUST 21, 2012
NOTE: THE FOLLOWING TRACTS WILL BE OFFERED FOR SEALED BID PURSUANT TO THE NOTICES. LEASES FOR THE FOLLOWING TRACTS WILL BE ISSUED ON SECTION 19-10-4.2 NMSA 1978, DISCOVERY LEASE FORM, FIVE(5) YEAR TERM, 1/6th ROYALTY, AND HAVE BEEN CLASSIFIED AND CATEGORIZED IN COMPLIANCE WITH 19-10-3 NMSA 1978.

<table>
<thead>
<tr>
<th>TRACT #</th>
<th>COUNTY</th>
<th>SEC TWP RGE</th>
<th>DESCRIPTION</th>
<th>ACRES</th>
<th>PRIMARY RENTAL</th>
<th>MINIMUM ACCEPTABLE BID</th>
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<tbody>
<tr>
<td>001 V0-001</td>
<td>Lea</td>
<td>33 12S 34E</td>
<td>W2</td>
<td>320.00</td>
<td>$0.50</td>
<td>$5,000.00</td>
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<tr>
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<td>E2, S2NW4, SW4</td>
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<td>$9,000.00</td>
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Regular Sale - DEADLINE FOR SEALED BIDS IS 9:30 AM - AUGUST 21, 2012
NOTE: THE FOLLOWING TRACTS WILL BE OFFERED FOR SEALED BID PURSUANT TO THE NOTICES. LEASES FOR THE FOLLOWING TRACTS WILL BE ISSUED ON SECTION 19-10-4.3 NMSA 1978, DEVELOPMENT LEASE FORM, FIVE(5) YEAR TERM, 3'/6th ROYALTY, AND HAVE BEEN CLASSIFIED AND CATEGORIZED IN COMPLIANCE WITH 19-10-3 NMSA 1978.

<table>
<thead>
<tr>
<th>TRACT #</th>
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<th>ACRES</th>
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<td>320.00</td>
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D: ALL OR PORTION OF SURFACE NON-STATE

ALL HIGH BIDS ARE SUBJECT TO APPROVAL BY THE COMMISSIONER OF PUBLIC LANDS

Page 1 Of 2

www.nmstatelands.org
### ORAL TRACTS

**Regular Sale - ORAL BID AUGUST 21, 2012**

**Note:** The following tracts will be offered for oral bid pursuant to the notices. Leases for the following tracts will be issued on Section 19-10-4.2 NMSA 1978, Discovery Lease Form, Five(5) year term, 1/6th royalty, and have been classified and categorized in compliance with 19-10-3 NMSA 1978.

<table>
<thead>
<tr>
<th>TRACT #</th>
<th>COUNTY</th>
<th>SEC TWP RGE</th>
<th>DESCRIPTION</th>
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**Regular Sale - ORAL BID AUGUST 21, 2012**

**Note:** The following tracts will be offered for oral bid pursuant to the notices. Leases for the following tracts will be issued on Section 19-10-4.3 NMSA 1978, Development Lease Form, Five(5) year term, 3/16th royalty, and have been classified and categorized in compliance with 19-0-3 NMSA 1978.

<table>
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<tr>
<th>TRACT #</th>
<th>COUNTY</th>
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<th>DESCRIPTION</th>
<th>ACRES</th>
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<td>320.00</td>
<td>$0.50</td>
<td>$5,000.00</td>
</tr>
</tbody>
</table>

D: All or portion of surface non-state

All high bids are subject to approval by the Commissioner of Public Lands.
TO: Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

( Please print the name of the legal entity, or, if applying as an individual, the personal name. )

whose address is ____________________________ ____________________________ ____________________________
(mailing address) (city) (state) (zip code)

a corporation qualified to do business in New Mexico, OR a citizen (or eligible to become a citizen) of the United States, over the age of twenty-one years hereby makes application for an oil and gas lease for the exploration, development and production of oil and natural gas thereon, upon the following described land situated in the County of ____________________________, State of New Mexico, to-wit:

TRACT NUMBER LAND DESCRIPTION

REGULAR SALE SPECIAL SALE

containing ___________ acres, more or less.

Tendered herewith as bonus and first year’s rental thereon is the sum of $ ___________, plus an application fee of $30.00;

(a) $ ___________ (b) $ ___________

Total remittance sum of (a) and (b) $ ___________.

I, ____________________________, (Please print name of applicant or of attorney in fact / authorized agent.)
do solemnly swear that every statement made in this application is true and correct to the best of my knowledge and belief.

______________________________
(Signature of individual or of attorney in fact / authorized agent)

Acknowledgment in an Individual Capacity:

State of ____________________________, SS)
County of ____________________________, SS)

This instrument was acknowledged before me on ___________.

Date

By ____________________________

Name of Person

______________________________

(Seal) ____________________________

Signature of Notarial Officer

My commission expires: ___________.

Acknowledgment in a Representative Capacity:

State of ____________________________, SS)
County of ____________________________, SS)

This instrument was acknowledged before me on ___________.

Date

By ____________________________

Name(s) of Person(s)
as ____________________________ of ____________________________

Type or authority: e.g., officer, trustee, etc. Name of party on behalf of whom instrument was executed

______________________________

(Seal) ____________________________

Signature of Notarial Officer

My commission expires: ___________.

Revised January 2004
HOW TO MAKE A FEDWIRE DEPOSIT
TO
NEW MEXICO STATE LAND OFFICE

Direct any questions concerning this type of payment to Margaret Sena in the State Land Office Accounting Office at 505-827-5705

When you intend to pay by a wire transfer, please let the SLO Accounting Office know by filling out the form below. You can include the form inside any sealed bid you offer to the SLO. You can get copies of the form by calling the Accounting Office at (505) 827-5700.

NEW MEXICO STATE LAND OFFICE
DRAFT FOR OIL & GAS SALE

DATE ____________________________ 20____

PAY TO THE ORDER OF ________________ COMMISSIONER OF PUBLIC LANDS ____________________________ $ ____________________________ DOLLARS

TRACT # ____________________________

Wells Fargo COMPANY NAME ____________________________
For the Account of State Land Commissioner

AUTHORIZED AGENT

Change in Fiscal Agent effective May 5, 2010
<table>
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<tr>
<th>TRACT #</th>
<th>LEASE #</th>
<th>SEC</th>
<th>TWP</th>
<th>RGE</th>
<th>DESCRIPTION</th>
<th>ACRES</th>
<th>BIDDER</th>
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<td>V0-S-002</td>
<td>V09231 00</td>
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<td>V09234 00</td>
<td>6 18S 37E LOT(S) 6, 7, E2SW4, W2SE4</td>
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<td>V0-S-002</td>
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<td>9 14S 34E ALL</td>
<td>640.00</td>
<td>YATES PETROLEUM CORPORATION FEATHERSTONE DEVELOPMENT CORP THE BLANCO COMPANY</td>
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<td>V0-S-003</td>
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<td>V09240 00</td>
<td>16 24S 35E S2</td>
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<td>ENERGEN RESOURCES CORPORATION YATES PETROLEUM CORPORATION FEATHERSTONE DEVELOPMENT CORP DOUG J. SCHUTZ</td>
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<td>V09243 00</td>
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<td>V0-D-004</td>
<td>V09240</td>
<td>9</td>
<td>18S</td>
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<td>S2</td>
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<td>V0-D-005</td>
<td>V09241</td>
<td>16</td>
<td>18S</td>
<td>36E</td>
<td>E2, SW4</td>
<td>480.00</td>
<td>CROWN OIL PARTNERS IV, LP</td>
<td>$465,000.00</td>
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<td>V0-D-006</td>
<td>V09242</td>
<td>23</td>
<td>18S</td>
<td>36E</td>
<td>N2NE4, W2, S2SE4</td>
<td>480.00</td>
<td>CHASE OIL CORPORATION</td>
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<td>V0-D-007</td>
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<td>6</td>
<td>18S</td>
<td>37E</td>
<td>LOT(S) 1, 2, 3, 4, 5, SW4NE4, SE4NW4</td>
<td>278.68</td>
<td>CROWN OIL PARTNERS IV, LP</td>
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<td>V0-D-008</td>
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<td>5</td>
<td>19S</td>
<td>36E</td>
<td>LOT(S) 3, 4, S2NW4, SW4</td>
<td>319.09</td>
<td>YATES PETROLEUM CORPORATION</td>
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<td>V0-D-009</td>
<td>V09245</td>
<td>22</td>
<td>06S</td>
<td>34E</td>
<td>SW4NW4, S2</td>
<td>360.00</td>
<td>DOUG J. SCHUTZ</td>
<td>$51,000.00</td>
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<td>V0-D-010</td>
<td>V09246</td>
<td>32</td>
<td>21N</td>
<td>05W</td>
<td>E2NE4, NE4SE4</td>
<td>120.00</td>
<td>THE BLANCO COMPANY</td>
<td>$3,000.00</td>
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<td>V8-D-001</td>
<td>VB2182</td>
<td>27</td>
<td>15S</td>
<td>31F</td>
<td>U2</td>
<td>320.00</td>
<td>YATES PETROLEUM CORPORATION</td>
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<tr>
<td>V8-D-002</td>
<td>VB2183</td>
<td>5</td>
<td>24S</td>
<td>25E</td>
<td>LOT(S) 4, S2NW4</td>
<td>119.87</td>
<td>YATES PETROLEUM CORPORATION</td>
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<td>V8-D-003</td>
<td>VB2184</td>
<td>10</td>
<td>18S</td>
<td>36E</td>
<td>W2, SW4, W2SE4</td>
<td>560.00</td>
<td>CROWN OIL PARTNERS IV, LP</td>
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<tr>
<td>V8-D-004</td>
<td>VB2185</td>
<td>32</td>
<td>24S</td>
<td>36E</td>
<td>E2</td>
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<td>YATES PETROLEUM CORPORATION</td>
<td>$32,000.00</td>
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<td>V8-D-005</td>
<td>VB2186</td>
<td>32</td>
<td>25N</td>
<td>12W</td>
<td>ALL</td>
<td>640.00</td>
<td>RANDALL R. FORT</td>
<td>$205,000.00</td>
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</table>

**** END OF REPORT ****
HIGHEST BID ANALYSIS
REGULAR SALE July 17, 2012

Total $3,992,647.72 for 25 tracts covering 7,953.28 Acres...$502.01 per acre.

Sealed (Five Year) $1,576,647.72 for 10 tracts covering 2,919.32 Acres...$540.07 per acre.

Oral (Five Year) $2,416,000.00 for 15 tracts covering 5,033.96 Acres...$479.94 per acre.

Total of 28 tracts were offered.... 25 tracts were sold.

Highest Sealed Bid (Five Year Term)
Tract No. VB-004
$ 800,000.00

Highest Sealed Bid (Five Year Term) Per Acre
Tract No. VB-004
$ 2,500.00

Highest Oral Bid (Five Year Term)
Tract No. VO-O-005
$ 465,000.00

Highest Oral Bid (Five Year Term) Per Acre
Tract No. VO-O-003
$ 1,537.50

S2 of Section 16, Township 24 South, Range 35 East, containing 320.00 acres, more or less, in Lea County, approximately 12.6 miles northwest of Jal, New Mexico, by Energen Resources Corporation of Farmington, NM.

E2, SW4 of Section 16, Township 18 South, Range 36 East, containing 480.00 acres, more or less, in Lea County, approximately 13.4 miles northwest of Hobbs, New Mexico, by Crown Oil Partners IV, LP of Midland, TX.

SW4SW4, NE4SE4 of Section 28, Township 18 South, Range 35 East, containing 80.00 acres, more or less, in Lea County, approximately 18 miles northwest of Hobbs, New Mexico, by T. H. McElvain Oil & Gas LLLP of Denver, Co.

July 2011 Regular Sale was $19,467,144.59 for 9,610.53 acres or $15,474,496.87 more than the July 2012 Regular Sale.

No Special Sale

Total Sale was $3,992,647.72
Do you need New Mexico oil and gas info?

USEFUL NEW MEXICO OIL AND GAS LINKS

New Mexico State Land Office, leasing/royalty management agency for state trust lands: www.nmstatelands.org

New Mexico Tech site for State Land Office ONGARD data presentation to the public.
http://octane.nmt.edu/slo/

ONGARD database for open acres and a wealth of other state data you didn't know you needed.
http://www.ongard.state.nm.us/

NM Bureau of Geology and Mineral Resources, subsurface geology for the state.
Their publications website: http://geoinfo.nmt.edu/

NM Oil Conservation Division, oil industry regulatory agency for operating in New Mexico, plus well and production data: http://www.emnrd.state.nm.us/ocd/
How may our Oil, Gas, and Minerals Division help you?

**Unitization & Commingling**
Pete Martinez, 505-827-5791
Jerome Maestas, 505-827-5783

**Communitization, Reduced Royalty & Engineering**
Terry Warnell, 505-827-5745
Scott Dawson, 505-827-6628

**Lease Sales, Potash Enclave, Geophysical Permitting, Geology**
Joe Mraz, 505-827-5774
Dan Fuqua, 505-827-5748

**Lease Expirations, Cancellations, Rentals**
Darlene Vigil, 505-827-5730

**Bonds, Shut-In Royalty, OGRIDS, Assignments**
Paulette Lucero-Romero, 505-827-5714
Stephen Manning, 505-827-5749

**Miscellaneous Instruments**
Debbie Tise, 505-827-5744

**Sand and Gravel, Caliche, General Mining**
In Santa Fe (includes Farmington):
Michael Mariano, 505-827-5750
VACANT
Monica Fresquez, 505-827-5849
In Hobbs Field Office:
VACANT, 505-392-8736
or William Sonnamaker, 505-392-3697

**OGMD Office Procedures, Division Administration**
Greg Bloom Assistant Commissioner, 505-827-4489
Larry Roybal, Division Director, 505-827-5746
Debbie Tise, Office Administrator, 505-827-5744
# 2012

## NEW MEXICO STATE LAND OFFICE

### SALE CALENDAR

**Regularly scheduled sale**
(Third Tuesday of each month)

☐ Last day to nominate tracts for next monthly sale

To nominate tracts for an oil and gas lease sale, call the Oil, Gas, and Minerals Division Geologists at 505-827-5774 or 505-827-5748, submit your nomination in writing, or by e-mail to, imraz@slo.state.nm.us or dfuqua@slo.state.nm.us.

TO PRESERVE CONFIDENTIALITY OF YOUR NOMINATION, PLEASE MARK THE OUTSIDE OF YOUR ENVELOPE WITH THE WORDS CONFIDENTIAL NOMINATION.

New Mexico State Land Office
Oil, Gas and Minerals Division
P.O. Box 1148
Santa Fe, NM 87504-1148.
Fax number is 505-827-4739.
Fax communication may not be confidential. Our Web page address is www.nmstatelands.org.