



THE UNIVERSITY OF TEXAS SYSTEM  
*University Lands*

STEPHEN HARTMANN  
EXECUTIVE DIRECTOR  
P. O. BOX 553  
MIDLAND, TEXAS 79702-0553

TEL: (432) 684-4404  
FAX: (432) 682-7456

November 12, 2007

Attention: Land Records Manager  
Redhorn Energy, LLC  
P. O. Box 51202  
Midland, TX 79710-1202

RE: **UT Lease #102488:** S/2 SW/4 Section 32, Block 9, from the surface to 9400',  
University Lands Survey, Andrews County, Texas

Gentlemen:

Our records indicate the captioned lease has ceased producing in paying quantities and automatically terminated under its own terms. The records reflect insufficient production from this lease since the month of September, 2006. This office has received no evidence that additional drilling or reworking operations commenced, nor was a shut-in payment made to continue the term of the lease. Therefore, one hundred percent (100%) of any production from this lease now belongs to the University. If you do not agree with this conclusion, please advise this office of your position within fifteen (15) days from receipt of this letter in order to prevent a change of status on all records of this lease to "Terminated".

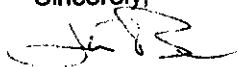
In accordance with the terms of this lease, you must not remove the casing or any part of the equipment from the well(s) on the lease without the written consent of the Board for Lease of University Lands or its authorized representative. All dry or abandoned wells must be plugged to the satisfaction of the Railroad Commission of the State of Texas. Please contact the office of University Lands at (432) 684-4404 regarding these matters.

Termination of this lease does not relieve you of any rentals, royalties or financial obligations, which may have accrued. A release of this lease should be executed and placed of record in Andrews County, Texas. A legible copy of the recorded release should be filed with this office. There are no fees required for filing a release.

Redhorn Energy, LLC  
November 12, 2007  
Page 2

Thank you for your cooperation. Should you have any questions regarding this matter or if we can be of further assistance, please contact Georgia Pruitt at (432) 686-4752 or via email at [gpruitt@utsystem.edu](mailto:gpruitt@utsystem.edu).

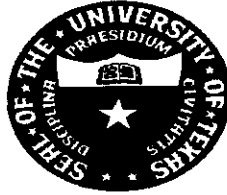
Sincerely,



Jim Benson  
Assistant Director  
University Lands

JB/GLP/gp

cc: Discovery Exploration, 410 N. Main St., Midland, TX 79701-4710  
Scott Mims, University Lands  
James Holtzclaw, University Lands  
Tim Hunt, University Lands




THE UNIVERSITY OF TEXAS SYSTEM

**MEMORANDUM**

November 12, 2007

**TO:** Georgia Pruitt

**FROM:** James Holtzclaw 

**SUBJECT:** UT Lease #: 101920  
County: Andrews  
Block: 9  
Section: 41 (SW/4)  
Well Name: State of Texas "L"  
Operator: Redhorn Energy, LLC

---

**OUR RECORDS INDICATE THAT THE REFERENCED LEASE IS SUBJECT TO  
TERMINATION:**

YES  NO

We have evidence of workover operations on this lease.