



THE UNIVERSITY OF TEXAS SYSTEM

University Lands
West Texas Operations

STEPHEN HARTMANN
EXECUTIVE DIRECTOR
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July 21, 2006

Attention: Land Records Manager
Gruy Petroleum Management Company
3500 William D. Tate Ave.
Grapevine, TX 76051-9984

RE: **UT Lease #96540:** E/2 SW/4 Section 43, Block 21, University Lands Survey, Winkler County, Texas

Gentlemen:

Thank you for providing us with corrected production reports evidencing production on the subject lease for the months of August and September, 2005. Upon review of the facts regarding this lease, we have determined that this lease did not terminate as you were originally notified on December 21, 2006. The termination endorsement has been removed from the official records of this lease.

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) 688-0446 or via email at gpruitt@utsystem.edu.

Sincerely,

Jim Benson by: Georgia Pruitt

Jim Benson
Assistant Director
Surface & Mineral Interests

JB/GLP/glp
(2006-10058)

cc: Lario Oil & Gas Company, 301 S. Market St., Wichita, KS 67202-3805
Prize Energy Resources, L.P., 3500 William D ate Ave., Ste. 200, Grapevine, TX 76051-6734
Wes-Tex Drilling Company, L.P., P. O. Box 3739, Abilene, TX 79604-3739
McCabe Petroleum Corp., P. O. Box 11188, Midland, TX 79702-8188
Scott Mims, University Lands Accounting Office
James Holtzclaw, University Lands - West Texas Operations
Tim Hunt, University Lands - West Texas Operations