



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

August 13, 2007

Attention: Land Records Manager
Basin Well Service of Odessa
P. O. Box 4982
Odessa, TX 79760-4982

RE: **UT Lease #70757:** W/2 Section 12, Block 5, University Lands Survey, Andrews County, Texas

Gentlemen:

Our records indicate the captioned lease has ceased producing and automatically terminated under its own terms. The records reflect no production from this lease for the months of April and May, 2007. This office has received no evidence that additional drilling or reworking operations have commenced, nor was a shut-in payment made to continue the terms 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.

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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.

Sincerely,



Jim Benson
Assistant Director
University Lands

JB/GLP/gp

cc: Hancon, Inc., 415 W. Wall St., Suite 1500, Midland, TX 79701-4455
Concho Resources, Inc., 110 W. Louisiana Ave., Suite 410, Midland, TX 79701-3483
Scott Mims, University Lands
James Holtzclaw, University Lands
Tim Hunt, University Lands




THE UNIVERSITY OF TEXAS SYSTEM

MEMORANDUM

August 13, 2007

TO: Georgia Pruitt

FROM: James Holtzclaw 

SUBJECT: UT Lease #: 70757
County: Andrews
Block: 5
Section: 12 (W/2)
Well Name: University "5-12B"
Operator: Basin Well Service of Odessa

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

() YES () NO

We have evidence of workover operations on this lease.