



February 28, 2006

**VIA HAND DELIVERY**

Mr. Mark E. Fesmire, P.E.  
Director  
Oil Conservation Division  
Department of Energy, Minerals  
and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

2006 FEB 28 PM 2 03

Re: Case No. 13489: Application of McQuadrangle, L.C. for Statutory Unitization of the South Redlake II Unit Area, Eddy County, New Mexico. Order No. R-12386.

Dear Mr. Fesmire:

By Order No. R-12386, entered on July 19, 2005, the Division approved the application of McQuadrangle, LC for statutory unitization of the South Redlake II Unit area in Eddy County, New Mexico. In its order, the Division required that the description of the unitized interval be revised and the agreement be re-ratified. McQuadrangle made the required revision and has sought re-ratification of the unit.

Pursuant to Order Paragraph 8, On December 22, 2005, McQuadrangle requested an extension of this Order to enable it to have "the percentage of each non-cost bearing interest confirmed by its title lawyer prior to the time we request a supplemental order from the Division confirming that all required ratification percentages have been obtained." A copy of our letter requesting an extension of order No. R-12386 is attached hereto as **Exhibit A**.

Enclosed as **Exhibit B** are signed ratifications McQuadrangle, LC and the Cullars Investments Family Limited who together own 100% of the working interest in the unit area. Also enclosed as **Exhibit C**, are signed ratifications from overriding Royalty owners in the Unit area. A summary of the overriding royalty owners by tract from McQuadrangle's title attorney is also enclosed. When these overriding royalty ratification percentages are combined with the royalty interests of the BLM and State land Office, the owners of 75.52233% of the non-cost bearing interests in the unit area have now ratified the revised unit agreement. McQuadrangle now requests that a supplemental order be entered confirming that all necessary ratifications have been obtained and that the South Redlake II Unit can now become effective pursuant to Order No. R-12386.

**EXHIBIT C****Holland & Hart LLP**Phone (505) 988-4421 Fax (505) 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☺

HOLLAND & HART<sup>LLP</sup>



Mr. Mark E. Fesmire, P.E.  
February 28, 2006  
Page 2

Sincerely,

William F. Carr

A handwritten signature in black ink, appearing to read 'William F. Carr', written over the printed name.

Enclosures

cc: Mr. Delbert McDougal  
Jack McClendon, Esq.  
David Vandiver, Esq.