

# RECEIVED

2007 DEC 13 PM 2:09

UNIT NAME: EASTLAND QUEEN UNIT  
OPERATOR: BEACH EXPLORATION, INC.  
COUNTY: EDDY

DATE	OCD CASE NO.	TOTAL	INDIAN	TERM
APPROVED	OCD ORDER NO.	ACREAGE	FEE	SEGREGATION
		STATE	CLAUSE	

EFFECTIVE	CASE NO. 13972			
12/4/2007	CASE NO. 13973			
	ORDER NO. R-12833	1,040.10	1040.1	0.00
				0
				EXTENDED
				SO LONG AS

## APPROVALS

SLO-12/4/2007  
OCD-10/25/2007

## TOWNSHIP 19 SOUTH, RANGE 29 EAST

SECTION 1: LOTS: 1,2,3,4, S/2 N/2, W/2 SW/4, NE/4 SW/4, NW/4 SE/4  
SECTION 2: SE/4 NE/4, SE/4 SW/4, SE/4  
SECTION 11: N/2



PATRICK H. LYONS  
COMMISSIONER

*State of New Mexico*  
**Commissioner of Public Lands**

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760  
Fax (505) 827-5766  
[www.nmstatelands.org](http://www.nmstatelands.org)

October 15, 2007

Stonebridge Energy, LLC  
14275 Midway Road, Suite 220  
Addison, TX 75001

Attn: Mr. Larry Hunnicutt

Re: Amended Preliminary Approval  
Second Expansion of Proposed Hueco South Unit  
Additional 18,622.25 Acres  
Hidalgo County, New Mexico

Dear Mr. Hunnicutt:

On May 27, 2003 this office granted preliminary approval to the proposed Hueco South Unit area in Hidalgo County, New Mexico containing 56,096.94 acres. Your letter of March 7, 2005 requested our approval to expand the proposed unit boundaries to include an additional 7,903.41 acres for a total of 64,000.35 acres. Your second expansion letter of October 1, 2007 advises that Dan A. Hughes Company, L.P. will be operating this unit and requests our approval to add an additional 18,622.25 acres that were previously withdrawn and have subsequently been leased.

Please be advised that the Commissioner of Public Lands has this date granted you preliminary approval as to form and content for the expanded Hueco South Unit area containing 82,622.60 acres in Hidalgo County, New Mexico..

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 1.045, applications for approval shall contain a statement of facts showing:
  - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
  - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
  - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
  - d. That such unit agreement is in other respects for the best interest of the trust.

**-State Land Office Beneficiaries -**

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

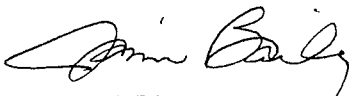
Stonebridge Energy, LLC  
October 15, 2007  
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3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement.
7. Copies of all the well records for the initial unit well. We need a definite initial well location prior to final approval.
8. The filing fee for a unit agreement is \$30 for every section or partial section thereof. Please submit a filing fee in the amount of \$4,320.00.
9. A statement that all owners within the unit boundaries have been invited to join the unit.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

PL/JB/pm

cc: OCD-Santa Fe, Attention: Mr. David Catanach