

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

May 6, 2009

PATRICK H. LYONS

COMMISSIONER

Dan A. Hughes Company. L. P. P. O. Drawer 669 Beeville, TX 78104-0669

Attn: Mr. Robert Holder

Re: Final Approval

Big Hatchet North Unit Hidalgo County, New Mexico

Dear Mr. Holder:

This office is in receipt of your letter of April 30, 2009, wherein you have requested final approval to the Big Hatchet North Unit Agreement, Hidalgo County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Big Hatchet North Unit Agreement, Hidalgo County, New Mexico. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed are (5) Certificates of Approval.

Your \$2,370.00 filing fee has been received.

Please notify this office when the initial well has been spudded and also submit continuous daily drilling reports until the initial well is completed.

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

JAMI BAILEY, Director

Oil, Gas and Minerals Division

(505) 827-5744

PL/JB/pm

pc: Reader File,

OCD-Santa Fe, Attn: Mr. Ed Martin TRD-Attn: Mr. Valdean Severson RMD-Attn: Mr. Kurt McFall

RECEIVED

OCD CASE NO.

APPROVED

OPERATOR: DAN A. HUGHES COMPANY, LP. UNIT NAME: BIG HATCHET NORTH UNIT

COUNTY: HIDALGO

TOTAL ACREAGE STATE

FEDERAL

NDIAN FEE SEGREGATION CLAUSE

TERM

EFFECTIVE 5/6/2009

ORDER NO. CASE NO R-13102 14199

38,547.69 38547.69

STRICT

SO LONG AS

APPROVALS

OCD-3/18/2009 SLO-5/6/2009

TOWNSHIP 30 SOUTH, RANGE 16 WEST

SECTION 6: LOTS; 1, 2, 3, 4, 5, 6, 7, S/2NE/4, SE/4NW/4, E/2SW/4, SE/4

SECTION 7: NE/4SE/4

SECTION 8: ALL

SECTION 9: ALL

SECTION 17: NE/4, SW/4, N/2SE/4, SE/4SE/4

SECTION 18: NE/4, SW/4

SECTION 19: LOTS; 1, 2, 3, 4, E/2W/2, E/2

SECTION 21: ALL

SECTION 28: ALL

SECTION 29: ALL

SECTION 30: SW/4SW/4

SECTION 31: S/2SE/4

SECTION 34: W/2

TOWNSHIP 30 SOUTH, RANGE 17 WEST

SECTION 1: LOTS; 1, 2, 5, 6, 7, SW/4NE/4, NE/4SW/4, S/2SW/4, W/2SE/4 SECTION 2: LOTS; 1, 2, 3, 4, S/2N/2, S/2 SECTION 3: LOTS; 1, 2, 3, 4, S/2N/2, S/2

SECTION 10: ALL
SECTION 11: ALL
SECTION 12: LOTS; 1, 2, 3, 4, W/2, W/2E/2
SECTION 13: W/2
SECTION 14: ALL
SECTION 15: ALL
SECTION 22: ALL
SECTION 23: ALL
SECTION 24: LOTS; 1, 2, 3, 4, W/4, W/2SE/4
SECTION 25: LOTS; 1, 2, 3, 4, W/2, W/2E/2
SECTION 26: ALL
SECTION 27: ALL
SECTION 34: LOTS; 1, 2, 3, 4, N/2, N/2S/2
SECTION 35: LOTS; 1, 2, 3, 4, N/2, N/2S/2
SECTION 36: LOTS; 1, 2, 3, 4, 5, 6, 7, W/2NE/4, NW/4, NW/4SE/4

TOWNSHIP 31 SOUTH, RANGE 16 WEST

SECTION 3: LOTS; 1, 2, 3, 4, S/2N/2, S/2
SECTION 4: LOTS; 1, 2, 3, 4, S/2N/2, S/2
SECTION 5: LOTS; 1, 2, 3, 4, S/2N/2, S/2
SECTION 6: LOTS; 1, 2, 3, 4, 5, 6, 7, S/2NE/4, SE/4NW/4, E/2SW/4, SE/TION 7: LOTS; 1, 2, 3, 4, E/2W/2, E/2
SECTION 8: E/2, NW/4, N/2SW/4
SECTION 9: ALL
SECTION 10: ALL
SECTION 15: ALL
SECTION 15: ALL
SECTION 16: ALL
SECTION 18: LOTS; 1, 2, 3, 4, E/2W/2, E/2
SECTION 19: LOTS; 1, 2, 3, 4, E/2W/2, E/2
SECTION 19: LOTS; 1, 2, 3, 4, E/2W/2, E/2

86/7

SECTION 31: LOTS; 1, 2, 3, 4, E/2W/2

SECTION 32: ALL

SECTION 20: ALL SECTION 21: ALL SECTION 22: ALL SECTION 29: ALL

SECTION 30: SW/4

TOWNSHIP 31 SOUTH, RANGE 17 WEST

SECTION 1: LOTS; 1, 2, 3, 4, S/2N/2, SW/4 SECTION 2: LOTS; 1, 2, 3, NW/4NE/4, S/2N/2, S/2

SECTION 10: ALL

SECTION 11: ALL

SECTION 12: ALL

SECTION 13: ALL

SECTION 15: ALL SECTION 14: ALL

SECTION 22: ALL SECTION 23: ALL

SECTION 24: ALL SECTION 25: ALL

SECTION 26: ALL

SECTION 34: N/2 SECTION 27: N/2

SECTION 35: ALL

SECTION 36: ALL

TOWNSHIP 32 SOUTH, RANGE 16 WEST

SECTION 6: LOTS; 3, 4, S/2NW/4

TOWNSHIP 32 SOUTH, RANGE 17 WEST

SECTION 1: LOT; 1

SECTION 2: LOTS; 1, 2, 3, 4, S/2N/2, S/2

SECTION 3: LOT; 1