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July 18, 2005

VIA HAND DELIVERY

Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

**Re: Case No. 13489: Application of McQuadrangle, LC for Statutory
Unitization of the South RedLake II Unit Area, Eddy County, New Mexico.**

Dear Mr. Catanach:

Pursuant to your request at the June 16, 2005, examiner hearing on the above-referenced application, I enclose a list of all non-cost bearing interest owners in the South RedLake II Unit Area. This list identifies the interest owned by each of these overriding royalty interest owners and shows the status of the current of the efforts to obtain their ratification of the South RedLake II Unit Agreement.

The current ratification status each owner and interest is identified as follows:

1. The overriding royalty interest owners shown in bold print have ratified the unit agreement.
2. Since the revenues of certain owners have been placed in suspense by Navajo Refinery until this unit is approved, some interest owners have agreed to provide ratifications when this unit is approved and these funds are released from suspense (Marbob Oil Corporation and Pitch Energy Corporation).
3. Don Fedric, Esq., the attorney for the Tolliver, Terry and Frankenfield interests, has agreed to ratify the unit.
4. Other interest owners have agreed to ratify the agreement in exchange for well data that McQuadrangle will provide (Summit Overseas Exploration and Fenix Royalty LLC).

The following interests have ratified the South RedLake II Unit:

100% of the Working Interest:

McQuadrangle, LC (66.66%)
Cullers Family Investments (33.33%)

100% of the Royalty Interest:

Bureau of Land Management (49.94%)
State of New Mexico (50.06%)
(These interests will be committed upon final approval of the Unit.)

Over 75% of the Overriding Royalty Interest:

Ratified: (percentage interests shown on attached list)

Colaro Corporation
Everett R. Jones, Jr.
Florence Dooley Estate
Mary Dorothea Duggan
Francis Hawley, Successor in title for Frank Edward Hawley Life Estate
Myrna Sue Zumwalt
Judy N. Deans
Everett R. Jones
Trigg Oil & Gas Limited partnership
Etz Southern Trust
Paul Slayton
ML Boling Development LLC
Boling Enertprises, Ltd.
Raandolph M. Richardson
Rolla R. Hinkle, III
Madison M. Hinkle
Morris E. Schertz
David W. Jamison
Robert L. Huguley, Jr.
Sharon Ann Huguley Childs
Annice L. Miller
Jack Funk
Thomas W. Pettit
Jim and Pearl Hawley Famile Living Trust
Edward B. Stewart
Frank C. Miller and Mary Russell Miller Revocable Living Trust



Agreed to Ratify:

Johney Cockburn Estate, Maggie Suetta Cockburn c/o Thomas Cockburn
Marbob Energy Corporation
Sandra Terry Tolliver
Susan Lynn Terry
Barbara Kruse Frankenfield
Pitch Energy Corporation
Summit Overseas Exploration
Fenix Royalty LLC

All interest owners in the Unit Area have either ratified the unit agreement or been provided notice of this application and the hearing thereon. At present the owners of 100% of the working interest have ratified and when the royalty and overriding royalty interests are combined, the owners of more that 75% of the non-cost bearing interests have ratified.

Very truly yours,

William F. Carr

Enclosure

cc: Mr. Jim Pierce
David R. Vandiver, Esq.

1. Yates Brothers 0.00875% of B-752;
105 South Fourth Section 36: E/2SW/4, NW/4SE/4, from surface to top of
Artesia, NM 88210 San Andres formation.

effective February 1, 2000.

2. Johney Cockburn Estate 0.015% of LC-055561;
Maggie Suetta Cockburn Section 35: W/2NE/4.
C/o Thomas Cockburn
P. O. Box 50013
Austin, Texas 78763

NOTE: Will provide Unit Ratification in exchange for cash consideration.

3. Colaro Corporation 5.9375% of B-752;
400 One Energy Square Section 36: E/2SW/4, NW/4SE/4.
4925 Greenville Ave.
Dallas, Texas 75206-4012
4. Everett R. Jones, Jr. 0.03125% of B-752-2; “
8080 North Central Expressway
Ste. 1420 LB #12
Dallas, TX 75206
5. Florence Dooley Estate 0.001875% of B-752-2; “, from 1,000’-2,000’.
6. Mary Dorothea Duggan 0.002821% of B-752-2; “
7. Francis F. Hawley, successor in title for
Frank Edward Hawley Life Estate
8. Myrna Sue Zumwalt 0.00012% of B-11538; Section 36: NWSW from 1,000’
to 2,000’ subsurface (if 10 bopd or less average).
- *9. Judy N. Deans “
10. Everett R. Jones 0.0015625% of B-752;
Section 36: E/2SW/4, NW/4SE/4
11. Marbob Oil Corporation 0.00375% of B-752; Section 36: E/2SW/4, NW/4SE/4,
from surface to top of San Andres formation

NOTE: Will provide Unit Ratifications upon receipt of suspended production revenues.

12. Rockwell Energy Corporation 0.0007812% of B-00752;
Jon J. Nelson interest Section 36: E/2SW/4, NW/4SE/4.
- 12(a). Rockwell Energy Corporation “
Jon J. Nelson, Jr. interest
13. Trigg Oil & Gas Limited Partnership 5% of 8/8ths of LC-061412:
Section 1: Lot 4. (NWNW), if production
less than 15 bopd.

5% of 8/8ths of LC-050158;
Section 35: E/2NE/4, E/2NW/4, if
production less than 15 bopd.
- *14. John J. Schaller 0.00333% of LC-050158;
(Lulu E. Harbold Estate) Section 35: E/2NE/4, E/2NW/4 (15 bopd or less average)

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15. Etz Southern Trust 0.01875% of LC-028755A;
Section 35: SW/4SE/4, SE/4SW/4.
- *16. Sandra Terry Tolliver 0.3542% of LC-062412;
Section 1: Lot 4 (NWNW).
- *17. Susan Lynn Terry “
- NOTE: Mr. Don Fedric/Hunker-Fedric, P.C., attorney for “Tolliver”, “Terry” and “Frankenfield” approves, and will provide Unit Ratifications if necessary.**
18. Paul Slayton 2% of LC-055561;
Section 35: W/2NE/4.
2% of LC-062412;
Section 1: Lot 4 (NWNW).
19. M L Boling Development LLC 0.09375% of LC-028755A;
Section 35: SE/4SW/4, SW/4SE/4.
20. Boling Enterprises, Ltd. “
21. Randolph M. Richardson 0.0004687% of LC-028755A;
Section 35: SE/4SW/4, SW/4SE/4.
22. Rolla R. Hinkle, III “
23. Madison M. Hinkle “
24. Morris E. Schertz “
- *25. Shirley Duggan McGehearty 0.0028212% of B-752.
Section 36: E/2SW/4, NW/4SE/4.
- *26. Gladys Ann Koontz “
- *27. Howard B. Wright Estate 0.006666% of LC-050158.
Section 35: E/2NE/4, E/2NW/4.
28. Wilma Donohue Moleen Foundation 0.00625% of LC-057798.
Chase Bank, NA, Trustee Section 35: NE/4SW/4, NW/4SE/4,
El Paso, Texas E/2SE/4.
29. Pitch Energy Corporation 0.0569386% of B-8318, E-1059.
Section 36: SE/4NW/4, SW/4NE/4, respectively.
- 0.0486062% of E-379.
Section 36: SW/4SW/4.
- 0.03333% and 0.06666 % of B-11538.
Section 36: NW/4SW/4, NE/4NW/4, respectively.
- NOTE: Will provide Unit Ratifications upon payment of suspended production revenues.**
30. David W. Jamison 0.0125% of LC-028755A.
Section 35: SE/4SW/4, SW/4SE/4 (1,430'-1,762')

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31. Robert L. Huguley, Jr. 0.00010371% of LC-062412.
Section 1: Lot 4 (NWNW).
- 32: Sharon Ann Huguley Childs “
- *33: Thomas W. Flynn 0.0040027% of B-752
Section 36: E/2SW/4, NW/4SE/4(1,000' - San Andres).
- 34: Annice L. Miller 0.0072472% of B-752
Section 36: E/2SW/4, NW/4SE/4. “
- *35. Barbara Kruse Frankenfield 0.003542% of LC-062412.
Section 1: Lot 4 (NWNW), from 1,000'-2,390'.
36. Jack Funk 0.0248893% of LC-062412
(Ruth O. Hill Trust successor)
10679 Nathanson Ave.
Cupertino, CA 95014-1330
Section 1: Lot 4 (NWNW)
37. Leland Price, Inc. E-379.
Section 36: SW/4SW/4.
38. John W. Gates LLC 0.01% of E-379
*Section 36: NE/4SW/4SW/4 (10 acres) from
1,000' to 1,400' subsurface.
- *incorrect description of Assignment of Overriding Royalty into predecessor in title, recorded Book 52, Page 923, Eddy County Clerk, consequently not covered in Blanket Assignment into LLC.
39. Thomas W. Pettit 1/8th (.12500%) of B-1483.
Section 2: NW/4NE/4
40. Joan Hudson Moore 0.000625% of LC-050158 and LC-06142.
Section 35: E/2NE/4, E/2NW/4 and
Section 1: Lot 4 (NWNW)
respectively
41. Jonel Susan Grasso “
- 42: Jane Ann Hudson Davis “
43. John Bedingfield 0.0284693% of B-08318 and E-1059.
Section 36: SE/4NW/4 and SW/4NE/4, respective

0.0243031% of E-379.
Section 36: SW/4SW/4

0.016666% and 0.033333% of B-11538.
Section 36: NW/4SW/4 and NE/4NW/4, respective
44. Lillie M. Yates Estate
45. William P. Dooley Estate 0.0065625% of B-752.
Section 36: E/2SW/4, NW/4SE/4 (1,000' - San Andres).

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46. **Jim & Pearl Hawley
Family Living Trust** B-2029 and B-1483
Section 2: Lot 3 (NENW) and
Lot 2 (NWNE).
LC-061412.
47. **Katherine K. McIntyre** Section 1: Lot 4 (NWNW).
0.0125% of LC-057798
Section 35: NE/4SW/4, NW/4SE/4, E/2SE/4.

0.09375% of B-732. **Terminated Lease.**
Section 36: W/2NW/4.
48. **Summit Overseas Exploration** 0.006667% of LC-050158.
Section 35: E/2NW/4, E/2NE/4
- NOTE: Will provide Unit Ratification upon receipt of requested well information.**
49. **Michael McDowell** 0.00082008% of B-8318, E-379, E-1059, B-11538.
Section 36: SE/4NW/4, SW/4SW/4, SW/4NE/4,
NE/4NW/4, respectively.
50. **Sharbro Oil, Ltd.**
52. **PAM Inc.**
53. **Nancy King** E-379.
P. O. Box 385
Artesia, NM 88210
Section 36: SW/4SW/4.
54. **Edward B. Stewart** 0.003375% of LC-028755-A
Section 35: SE/4SW/4, SW/4SE/4.
55. **Frank C. Miller and Mary
Russell Miller Revocable Living Trust** 0.001875% of LC-028755-A.
Section 35: SE/4SW/4, SW/4SE/4.
P. O. Box 203
Roswell, NM 88202-0203
56. **Steve Fitt**
57. **Pamela June Krueger** **Royalty Deed into "McQuadrangle" sent for
execution.**
58. **James F. Roberts** 0.00625% of LC-028755-A.
Section 35: SE/4SW/4, SW/4SE/4
59. **McQuadrangle, LC/TMTM**
60. **Losee Investments, LLC** 0.003375% of LC-028755-A
Section 35: SE/4SW/4, SW/4SE/4.
61. **Fenix Royalty LLC** B-11538.
Section 36: NE/4NW/4, NW/4SW/4.

NOTE: Will provide Unit Ratification upon receipt of requested title information.