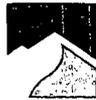


HOLLAND & HART<sup>LLP</sup>



William F. Carr  
wcarr@hollandhart.com

2006 FEB 17<sup>45242,0002</sup> PM 2 58

February 17, 2006

**VIA HAND DELIVERY**

David Catanach  
Energy, Minerals & Natural Resources Department  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87504

**Re: Case No. 13645: Application of Rubicon Oil & Gas LLC for Approval of a Unit Agreement, Lea County, New Mexico.**

Dear David:

Enclosed is The State Land Office Preliminary Approval for the proposed Hightower State Exploratory Unit (Attachment D), which was not included with our exhibits on Thursday's hearing. Please call if you have any questions.

Very truly yours,

William F. Carr  
of Holland & Hart<sup>LLP</sup>

WFC:keh  
Enclosure

**Holland & Hart<sup>LLP</sup>**

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. ♻️



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

February 16, 2006

Holland & Hart  
P. O. Box 2208  
Santa Fe, NM 87504-2208

Attention: Ms. Ocean Munds-Dry

Re: Preliminary Approval  
Proposed Hightower State Exploratory Unit  
Chaves County, New Mexico

Dear Ms. Munds-Dry:

Thank you for providing the unexecuted copy of the unit agreement for the proposed Hightower State Exploratory Unit area, Chaves County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted Rubicon Oil & Gas LLC preliminary approval as to form and content.

Preliminary approval should 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 stating the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to 19.2.100.51 NMAC 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.
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.

## ATTACHMENT D

**-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

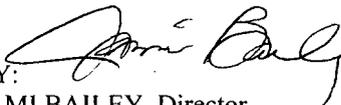
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4. Order of the New Mexico Oil Conservation Division (OCD). Our approval will be conditioned upon subsequent favorable approval by the OCD.
5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement (if applicable).
7. Copies of all the well records for the initial unit well and any subsequent well.
8. A filing fee in the amount of \$120.00.

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. Roy Johnson