

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF MCQUADRANGLE, LC  
FOR STATUTORY UNITIZATION OF THE  
SOUTH REDLAKE II UNIT AREA,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 13489 (Reopened)**

**AFFIDAVIT OF WILLIAM F. CARR**

STATE OF NEW MEXICO    )  
  ) ss.  
COUNTY OF NEW MEXICO)

I, William F. Carr, being first duly sworn on oath, states as follows:

1. My name is William F. Carr. I reside in Santa Fe, New Mexico. I am the Attorney employed by McQuadrangle, LC ("McQuadrangle") who is familiar with the status of the lands and the interest owners in Sections 35 and 36, Township 17 South, Range 27 East, and Sections 1 and 2, Township 18 South, Range 27 East NMPM, Eddy County, New Mexico which includes the boundaries of the proposed South Redlake II Unit Area.

2. McQuadrangle seeks a supplemental order pursuant to the provisions of N.M.S.A. § 70-7-8 (2006) that the plan for unit operations prescribed by the Division for the South Redlake II Unit has been approved by at least seventy-five percent of the costs of unit operations and also by the owners of at least 75% of the production proceeds thereof that will be credited to interests which are free of costs and that the Unit can now become effective pursuant to Order No. R-12386.

3. 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. See Exhibit A. In the order, the Division required that McQuadrangle revise its South Redlake II Unit Agreement to reflect the correct unitized interval (Order Paragraph 6) and that the "...order shall not become effective unless and until the owners of 75 percent of the working interest and 75% percent of the of the royalty interest in the South Redlake II Unit have approved the plan for unit operations as required by Section 70-7-8, NMSA 1978."

4. On January 6, 2006, McQuadrangle requested an extension of the time for ratification of the unit agreement through April 19, 2006. See Exhibit B.

5. An amended Unit Agreement was re-submitted for approval to all working interest owners and all non-cost bearing owners in the Unit Area pursuant to Division

Order No. R-12386.

7. On February 28, 2006, McQuadrangle wrote the Division and requested the entry of a supplemental order confirming that all necessary ratifications have been obtained and that the South Redlake II Unit become effective pursuant to Order No. R-12386. See Exhibit C. The Division advised McQuadrangle that the original pooling case would have to be reopened and the ratifications presented at that time.

8. There are two working interest owners in the Unit area; McQuadrangle, LC and Cullars Investments Family Limited. Both have ratified and therefore the owners of 100% of the working interest have approved the amended agreement. See Exhibit D. All lands in the unit area are either State of New Mexico lands or Federal lands. The Commissioner of Public Lands and the Bureau of Land Management have approved the revised Unit Agreement and therefore owners of 100% of the royalty interest have approved the Amended agreement. See approval letters attached as Exhibit E. Additional ratifications have been obtained from the owners of overriding royalty in the unit area. These ratifications and a summary of the interests committed to the Unit Are attached as Exhibit F. When these ratifications are combined with the ratifications from the Commissioner of Public Lands and The Bureau of Land Management, the owners of more than 75.522% of the non-cost bearing interests have approved the proposed unit plan.

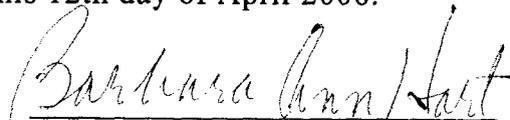
6. Pursuant to Section 70-7-8 and Paragraphs 6 and 7, Page 7 of Order No. R-12386, the plan for unit operations has been approved by at least seventy-five percent of the owners of cost bearing interest and 75% of the owners of non-cost bearing interest in the South Redlake II Unit Area.

7. Proof of publication of the legal advertisement for this hearing is attached as Exhibit G.

FURTHER AFFIANT SAYETH NOT.

  
William F. Carr

SUBSCRIBED AND SWORN before me on this 12th day of April 2006.

  
Notary Public

My Commission Expires:  
3/28/08