



October 2, 2007

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Call 14022

RECEIVED
2007 OCT 2 PM 4 18

**Re: Application of Dan A. Hughes Company, L.P. for approval of a
Unit Agreement, Hidalgo County, New Mexico**

Dear Mr. Fesmire:

Enclosed is the *Application for Approval of Unit Agreement* of Dan A. Hughes Company, L.P. as well as a copy of a legal advertisement. Dan A. Hughes requests that this matter be advertised for the November 1, 2007 Examiner Hearing docket.

Sincerely,

Kristina Martinez

Enclosures

cc: Mr. Larry Hunnicutt

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

APPLICATION Of DAN A. HUGHES COMPANY, L.P. FOR APPROVAL OF A UNIT AGREEMENT, HIDALGO COUNTY, NEW MEXICO.

CASE NO. 14022

APPLICATION

DAN A. HUGHES COMPANY, L.P. ("Hughes"), through its undersigned attorneys, hereby makes application for an order approving its Hueco South Exploratory Unit and in support of this application states:

1. The proposed Unit Area consists of 82,622.60 acres, more or less, of State of New Mexico (and Fee) lands, situated in Hidalgo County, New Mexico. The horizontal limits of said unit are described as follows:

Township 32 South, Range 16 West, N.M.P.M.

Section 5:	All
Section 7:	SE/4
Section 8:	E/2
Section 9:	All
Sections 14 through 17:	All
Section 18:	NE/4, N/2SE/4, SE/4 SE/4
Section 19 :	All
Section 20 :	All
Section 23:	All
Section 24:	W/2, W/2E/2
Sections 21 and 22:	All
Sections 25 through 28;	All
Section 29;	All
Section 30:	All
Sections 31 through 35:	All

Township 32 South, Range 17 West, N.M.P.M.

Section 21:	All
Section 24:	N/2N/2, S/2S/2
Section 25:	All
Section 26:	All

Section 27:	S/2, S/2N/2
Section 28:	All
Sections 33 through 36	All

Township 33 South, Range 15 West, N.M.P.M.

Section 31:	W/2, NE/4, NE/4 SE/4
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Township 33 South, Range 16 West, N.M.P.M.

Sections 2 through 11:	All
Section 14 through 23:	All
Sections 25 and 26:	All
Section 27:	All
Section 28:	All
Sections 29 through 32:	All
Section 33:	S/2, NE/4, N/2 NW/4, SE/4 NW/4
Sections 34 through 36:	All

Township 33 South, Range 17 West, N.M.P.M.

Sections 1 and 2:	All
Section 3:	All
Section 4 :	All
Sections 9 through 16:	All
Section 21:	NE/4, S/2
Section 22;	All
Sections 23 through 28:	All
Sections 33 through 36:	All

Township 34 South, Range 15 West, N.M.P.M.

Section 4:	All
Section 5:	E/2,NE/4NW/4,E/2SW/4, SW/4SW/4
Section 6 :	S/2, NW/4, W/2 NE/4, SE/4 NE/4
Section 7:	W/2,SE/4,E/2NE/4,SW/4NE/4
Section 8:	S/2 SW/4, NE/4 SW/4,W/2 SE/4, NE/4 SE/4
Section 9 :	SW/4 NE/4, SE/4 NW/4, NW/4 SW/4, S/2 SE/4
Section 10:	E/2, S/2SW/4
Section 11:	W/2, SW/4 SE/4
Section 12:	SW/4 SE/4, SE/4 SW/4
Section 13:	S/2, NE/4, NE/4NW/4
Section 14 :	NW/4NE/4, NE/4NW/4,SE/4NE/4,E/2SE/4
Section 15 :	SE/4 SE/4, NW/4 SE/4, N/2 SW/4, NW/4

Section 16:	All
Section 17 :	S/2, NW/4, S/2NE/4, NW/4NE/4
Section 18 :	NW/4, N/2 SW/4, SE/4 SW/4, N/2 NE/4, SE/4 NE/4
Section 19 :	Lot 2, SW/4NE/4, NE/4NW/4
Section 20 :	N/2NE/4
Section 21 :	NW/4NW /4
Section 23 :	N/2NE/4

Township 34 South, Range 16 West, N.M.P.M.

Sections 3 through 11:	All
Sections 14 through 24:	All

Township 34 South, Range 17 West, N.M.P.M.

Sections 1 through 4:	All
Sections 10 through 16:	All
Section 24:	All

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, Dan A. Hughes Company, L.P., is designated as Unit Operator in said Unit Agreement and all oil and gas in all formations are unitized.

4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

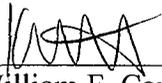
5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

WHEREFORE, Dan A. Hughes Company, L.P. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 15,

2007, that notice be given as required by law and the rules of the Division, and that the Hueco South Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

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ATTORNEYS FOR
DAN A. HUGHES COMPANY, L.P.