



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

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www.nmstatelands.org

November 28, 2007

Stonebridge Energy, LLC
14275 Midway Road, Suite 220
Addison, TX 75001

Attn: Mr. Larry Hunnicutt

Re: Final Approval
Hueco South Unit
Hidalgo County, New Mexico

Dear Mr. Hunnicutt:

This office is in receipt of your letter of November 15, 2007, wherein on behalf of Dan A. Hughes Company, L.P. you have requested final approval to the Hueco South Unit Agreement, Hidalgo County, New Mexico.

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

It is our understanding that Tract Nos. 106, 107, 108, 111, 113, 114, 117, and 119 are not committed to the unit agreement at this time.

Enclosed are (5) Certificates of Approval.

Your \$4,320.00 filing fee has been received.

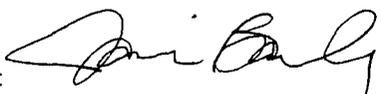
Please notify this office when the initial well has been spudded and also submit continuous daily drilling reports until the initial well is completed.

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

BY:


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

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 14050..... Exhibit No. 3

Submitted by:

DAN A. HUGHES COMPANY, L.P.

-State Land Office Beneficiaries -

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

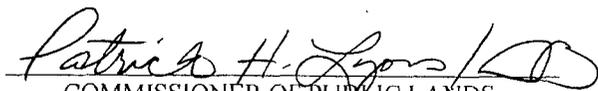
DAN A. HUGHES COMPANY, L.P.
HUECO SOUTH UNIT
HIDALGO COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Unit Agreement for the development and operation of acreage which is described within the referenced Agreement, dated May 1, 2003 which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the 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 area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 28TH day of NOVEMBER, 2007.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico