

**PAUL BACA PROFESSIONAL COURT REPORTERS**

# **OIL CONSERVATION DIVISION**

**CASE # 14199**

**EXHIBIT  
5**



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

August 6, 2003

Petroleum Investors, L.C.  
P. O. Box 3195  
Midland, Texas 79701

Attn: Mr. Steve Guyton

Re: Preliminary Approval  
Proposed Big Hatchet North Unit  
Hidalgo County, New Mexico

Dear Mr. Guyton:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Big Hatchet North Unit area, Hidalgo County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall 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 setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 1.045, applications for approval shall contain a statement of facts 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.
4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. ....14199 Exhibit No. 5

Submitted by:

Dan A. Hughes Company, L.P.

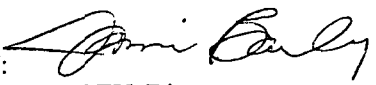
Hearing Date: December 4, 2008

7. Copies of all the well records for the initial unit well.
8. The filing fee for a unit agreement is \$30 for every section or partial section thereof. Please submit a filing fee in the amount of \$2,280.00.
9. On Exhibit A, Section 1-30S-17W, Lots 1,2,5,6,7, SW/4NE/4, NE/4SW/4, S/2SW/4, W/2SE/4 the correct tract number should be 64.
10. On Exhibit A, Section 1-30S-17W, Lots 3,4, S/2NW/4, NW/4SW/4 the correct tract number should be 86.
11. On Exhibit B, Tract No. 2, the correct description should be Lots 1,2,3,4, S/2N/2, S/2. (all).
12. On Exhibit B, Tract No. 18, the correct description should be Lots 3,4, E/2SW/4 and the correct acreage should be 159.43 ac.
13. On Exhibit B, Tract No. 45, the correct description should be Lots 1,2, E/2SW/4 and the correct acreage should be 162.17 ac.
14. On Exhibit B, Tract No. 60, the correct description should be Lots 1,2,3,4, NE/4, E/2W/2, N2SE/4, and the correct acreage should be 558.72 ac.
15. On Exhibit B, Tract No. 82, the correct description should be Lots 1,2, W/2NE/4 and the correct acreage should be 154.44 ac.
16. On Exhibit B, Tract No. 83, the correct description should be Lots 1,2,3,4, W/2E/2 and the correct acreage should be 305.36 ac.
17. On Exhibit B, Tract No 86, the correct description should be Lots 3,4, S/2NW/4, NW/4SW/4 and the correct acreage should be 159.44 ac.
18. Update the recapitulation of state and fee lands on page 6 of exhibit "B".
19. A statement that all owners within the unit boundaries have been invited to join the unit.
20. A \$20,000 Surface Improvement Damage Bond.

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