



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

September 23, 2005

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

Attention: Mr. William F. Carr

Re: Proposed Trinity Burrus Abo Unit
Lea County, New Mexico

Dear Mr. Carr:

Thank you for providing the unexecuted copy of the unit agreement for the proposed Trinity Burrus Abo Unit, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands and has this date granted you 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.

It is our understanding that no fresh water will be used for injection in this project.

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. Statement of facts pursuant to Rule 19.2.100.51 NMAC showing:
 - a. That such agreement will lead 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.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13582 and 13583 Exhibit No. 8

Submitted by:

CHESAPEAKE OPERATING, INC.
Hearing Date: October 20, 2005

-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 Debt Commission • University of New Mexico • UNM Sales Lands • Water Resources • Western New Mexico University

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4. Order of the New Mexico Oil Conservation Division and approval by the Bureau of Land Management. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.
5. A copy of the Unit Operating Agreement.
6. A copy of your Initial Plan of Operation.
7. A re-designation of well names and numbers.
8. On Exhibit "B", please make the following corrections:
 - a. On Tract Nos. 2, 3, 4, 5, 6, the correct lessee of record is Chesapeake Permian L.P.
 - b. Please combine Tract Nos. 4 and 5 into Tract No. 4. The SE/NE/4 of Sec. 22-12S-38E must be described as a 40 acre legal subdivision. Please also update Exhibit C.
 - c. On Tract No. 6, please correct the land description to Range 38 East.
 - d. On Tract No. 8, the correct lessee of record is Chesapeake Exploration Limited Partnership.

The filing fee for a unit agreement is thirty dollars (\$30) for every section or partial section thereof, therefore a \$150 filing fee is required.

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-Attention: Roy Johnson
BLM-Roswell, Attention Mr. Armando Lopez