



13526

PATRICK H. LYONS
COMMISSIONER

State of New Mexico 05
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 1, 2005

Kellahin & Kellahin
P. O. Box 2265
Santa Fe, NM 87504

Attn: Mr. W. Thomas Kellahin

Re: Final Approval
South Chavlea Unit
Chaves and Lea Counties, New Mexico

Dear Mr. Kellahin:

Thank you for your letter of July 28, 2005 requesting final approval of the South Chavlea Unit Agreement, Chaves and Lea Counties, New Mexico and the filing fee of \$120.00. It is our understanding that Tract Nos. 1, 3, and 4 are not committed to the unit at this time.

The Commissioner of Public Lands has this date granted final approval to the South Chavlea Unit Agreement effective August 1, 2005.

Enclosed are five (5) Certificates of Approval.

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: *Anthony N. Neal*
FOL JAMI BAILEY
Oil, Gas & Minerals Division
(505) 827-5744
PL/JB/pm
pc: Reader File,
OCD-Santa Fe, Attn: Mr. Roy Johnson
TRD-Attn: Mr. Valdean Severson
RMD-Attn: Ms. Linda Vieira

-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 Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

UNIT NAME: SOUTH CHAVLEA UNIT
OPERATOR: CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP
COUNTY: CHAVES AND LEA COUNTIES

DATE	OCC CASE NO.	TOTAL	STATE	FEDERAL	INDIAN	SEGREGATION	TERM
APPROVED	OCC ORDER NO.	ACREAGE			FEE	CLAUSE	
EFFECTIVE	CASE NO. 13526	2249.40	2249.40	0	0	STRICT	5 YEARS
08/01/2005	ORDER NO. R-12395						SO LONG AS

APPROVALS

SLO--08-01-2005
OCD--07-28-2005

TOWNSHIP 12 SOUTH, RANGE 31 EAST

SECTION 24: ALL
SECTION 25: N/2

TOWNSHIP 12 SOUTH, RANGE 32 EAST

SECTION 19: ALL
SECTION 30: ALL

EXHIBIT "A"
MAP OF UNIT AREA

SOUTH CHAVLEA UNIT
Chaves and Lea Counties, New Mexico

All Tracts displayed below are State Lands

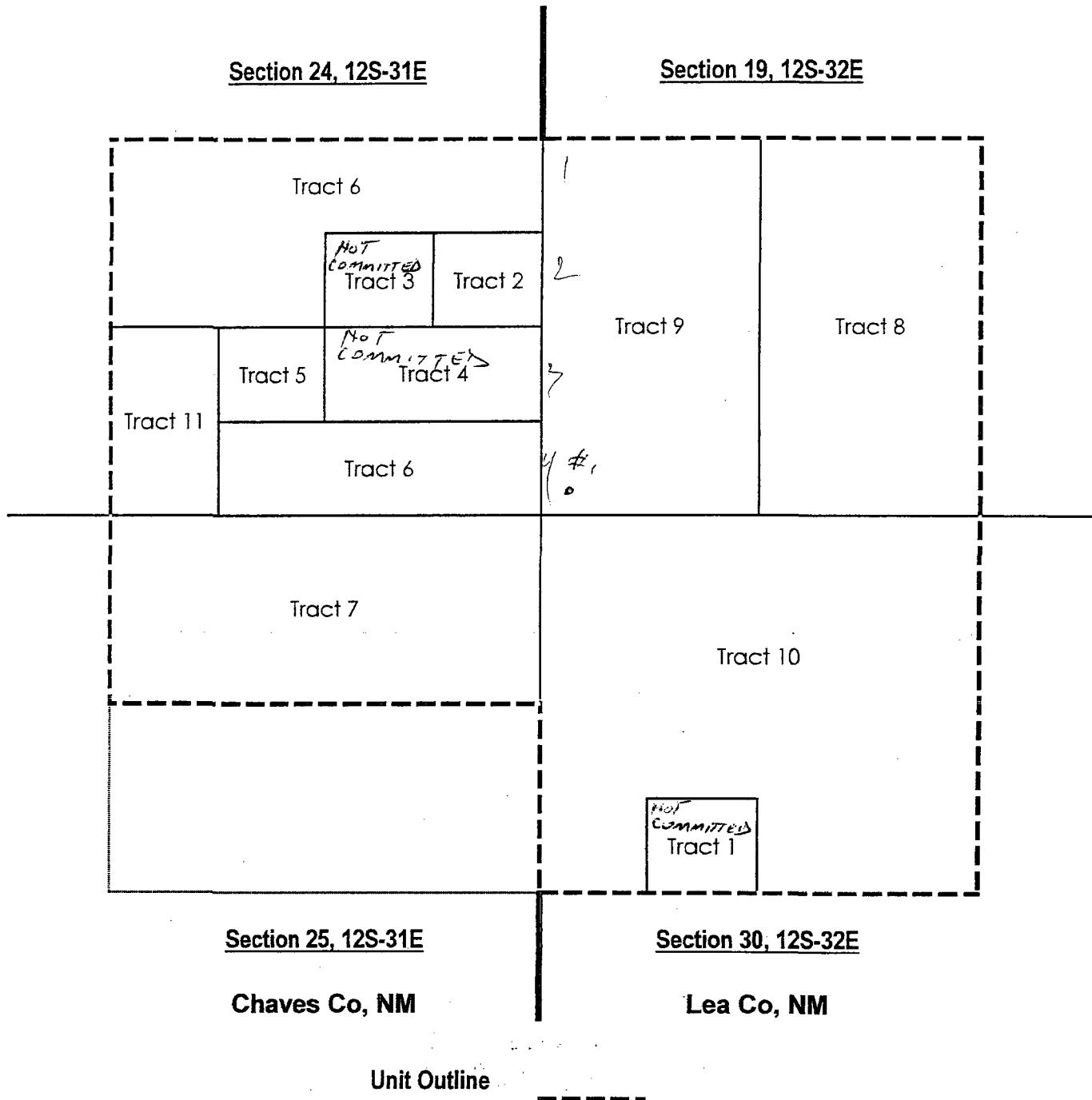


EXHIBIT "B"
SCHEDULE OF OWNERSHIP
Schedule Showing All Lands and Leases Within the South Chavilea Unit
Chaves and Lea Counties, New Mexico

Tract Number	County	Description of Lands	Acres	Serial Number	Expiration Date	Basic Royalty Percentage	Lessee of Record	Overriding Royalty Percentage	Working Interest Percentage
1	Lea	Section 30: SE/4 SW/4 Township 12 South, Range 32 East, NMPPM <i>C.S.</i> <i>NOT COMMUNITED</i>	40.00	B0-399-28	11-24-1931 Extended Secondary Term	12.50%	Roderic Crandall <i>ME</i>	0.00%	100.00%
2	Chaves	Section 24: SE/4 NE/4 Township 12 South, Range 31 East, NMPPM <i>ME-Tex</i> <i>FLC</i>	40.00	B10411-49	7-2-1943 Extended Primary Term	12.50%	Chesapeake Exploration Limited <i>7/26/05</i> Partnership	6.25%	100.00%
3	Chaves	Section 24: SW/4 NE/4 Township 12 South, Range 31 East, NMPPM <i>ME-Tex</i> <i>NOT COMMUNITED</i>	40.00	B10416-22	7-3-1943 Extended Primary Term	12.50%	Roderic Crandall <i>ME</i>	0.00%	100.00%
4	Chaves	Section 24: N/2 SE/4 Township 12 South, Range 31 East, NMPPM <i>ME-Tex</i> <i>NOT COMMUNITED</i>	80.00	B10419-8	7-6-1943 Extended Primary Term	12.50%	ME-TEX Oil & Gas Inc <i>ME</i>	0.00%	100.00%
5	Chaves	Section 24: NE/4 SW/4 Township 12 South, Range 31 East, NMPPM <i>ME-Tex</i> <i>FLC</i>	40.00	E0-4191-2	9-11-1950 Extended Primary Term	12.50%	Marshall & Winston Inc <i>7/27/05</i>	0.00%	100.00%
6	Chaves	Section 24: N/2 NE/4, NW/4, SE/4 SW/4, S/2 SE/4 Township 12 South, Range 31 East, NMPPM <i>ME-Tex</i> <i>FLC</i>	360.00	V0-5897-1	8-1-2005	16.67%	Chesapeake Exploration Limited <i>7/26/05</i> Partnership	0.00%	100.00%

EXHIBIT "B"

SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases Within the South Chavea Unit
Chaves and Lea Counties, New Mexico

Tract Number	County	Description of Lands	Acres	Serial Number	Expiration Date	Basic Royalty Percentage	Lessee of Record	Overriding Royalty Percentage	Working Interest Percentage
7	Chaves	Section 25: N/2 Township 12 South, Range 31 East, NM PM	320.00	V0-5898-1	8-1-2005	16.67%	Chesapeake Exploration Limited Partnership	0.00%	100.00%
8	Lea	Section 19: E/2 Township 12 South, Range 32 East, NM PM	320.00	V0-6286-0	7-1-2006	16.67%	Yates Petroleum Corporation	0.00%	100.00%
9	Lea	Section 19: Lot 1, Lot 2, Lot 3, Lot 4, E/2 W/2, Township 12 South, Range 32 East, NM PM	324.16	V0-6287-1	7-1-2006	16.67%	Chesapeake Exploration Limited Partnership	0.00%	100.00%
10	Lea	Section 30: Lot 1, Lot 2, Lot 3, Lot 4, E/2 NW/4, NE/4 SW/4, E/2 Township 12 South, Range 32 East, NM PM	605.24	V0-6288-1	7-1-2006	16.67%	Chesapeake Exploration Limited Partnership	0.00%	100.00%
11	Chaves	Section 24: W/2 SW/4 Township 12 South, Range 31 East, NM PM	80.00	V0-7196-0	11-1-2009	16.67%	Yates Petroleum Corporation	0.00%	100.00%
Total			2249.40						

Recapitulation

2249.40	Acres of State of New Mexico Lands	100.00%
0.00	Acres of Fee Lands	0.00%
2249.40	Total Acres	100.00%

2089.40 Commuted Ac.

92.89 c/o Commuted