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Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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Chevron U.S.A Inc.
Mid-continent Land Department
ATTN: Land Manager
6301 Deauville Blvd.
Midland, TX 79706

R-10212

June 27, 2018

RE: Revised 2018 Plan of Development/Operation
Quail Queen Unit
Lea County, NM

Dear Land Manager:

We have received your letter of June 14, 2018, along with your economic analysis and additional information as revisions to the Quail Queen Unit 2018 Plan of Development/Operation. Based on your paying quantities analysis, the New Mexico State Land Office has this date approved the referenced Plan of Development/Operation. Our approval is conditional on approval from all relevant agencies.

We may contact you at a later date regarding the following:

- The possibility of drainage by wells outside the unit area, and
- A need for further development of the unit.

Please note the following about your 2019 Plan of Development/Operation:

- Due March 1, 2019.
- The submission should include
 1. A section that outlines ongoing development and/or maintenance in 2019 (address new drilling, recompletions, workovers, P&As, and any other activities that may impact production);
 2. An economic analysis showing that the unit is producing in paying quantities (that is, quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit);
 3. An aerial photo (preferred) or map that illustrates both current and planned infrastructure for the unit: well locations, tank batteries, gathering systems, and any other facilities that may impact the surface of New Mexico State Trust lands;
 4. A list of active wells in the unit with their API numbers; and
 5. Any additional information that may have relevance to our approval of the Plan.

If you have any questions or if we may be of further assistance, please contact Units Manager Marilyn Gruebel at 505.827.5791 or mgruebel@slo.state.nm.us.

Respectfully,



AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/mg

cc: OCD – Daniel Sanchez
Units and OGMD Reader Files