

**THE OIL CONSERVATION COMMISSION**

**CASE NO. 14001 & 14002**

**EXHIBIT**

**8**

July 1, 2008

To: Working Interest Owners

Re: Quail Queen Unit  
ORDER NO. R-12952  
Covering interests (840 acres) in parts of  
Sections 11, 13 & 14, T19S-R34E  
Lea County, New Mexico

Dear Working Interest Owner:

Please find enclosed a copy of the recently approved application of Chesapeake Exploration, L.L.C., for Statutory Unitization of the Quail-Queen Unit Area, Lea County, New Mexico, Order No. R-12952. The hearing for this application was held November 1, 2007 and the New Mexico Oil Conservation Division released an approved Order on June 2, 2008.

The NMOCD Examiner, William V. Jones has recommended incorporating several changes to the final versions of the Unit Agreement and Unit Operating Agreement into this Order. All of his recommended changes are listed within the attached Order No. R-12952.

Chesapeake has agreed to all recommended changes and has incorporated them into the Agreements. Please sign and return the extra pages of the following in the self-addressed envelope as soon as possible.

- Signature page to both Unit Agreement and Unit Operating Agreement (Ratification and Joinder of Unit Agreement and Unit Operating Agreement) Please execute both copies and acknowledge.
- Election Ballot - Indicate your election choice, sign and return 1 copy.

Chesapeake actively pursues opportunities to increase our reserve base through the acquisition of oil and gas properties. Should you wish to sell or exchange your interest in the captioned property or other properties, please contact the undersigned at Chesapeake Exploration, L.L.C., P.O. Box 18496, Oklahoma City, OK 73154-0496, (405) 810-2727.

BEFORE THE OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 14001 & 14002 De Novo  
(Consolidated).....Exhibit No. 8  
Submitted by:  
CHESAPEAKE EXPLORATION, L.L.C.  
Hearing Date: August 14, 2008

Best Regards,

Chesapeake Exploration, L.L.C.,

Terry Frohnappel, CPL  
Sr. Landman

Enclosures: Order No. R-12952  
Unit Agreement with Attachments  
Unit Operating Agreement with Attachments  
Ratification Signature Page (please return 1 copy)  
Election Ballot

July 1, 2008

To: Mineral Interest Owners and  
Overriding Royalty Interest Owners

Re: Quail Queen Unit  
ORDER NO. R-12952  
Covering interests (840 acres) in parts of  
Sections 11, 13 & 14, T19S-R34E  
Lea County, New Mexico

Dear Interest Owner:

Please find enclosed a copy of the recently approved application of Chesapeake Exploration, L.L.C., for Statutory Unitization of the Quail-Queen Unit Area, Lea County, New Mexico, Order No. R-12952. The hearing for this application was held November 1, 2007 and the New Mexico Oil Conservation Division released an approved Order on June 2, 2008.

The NMOCD Examiner, William V. Jones has recommended incorporating several changes to the final versions of the Unit Agreement into this Order. All of his recommended changes are listed within the attached Order No. R-12952.

Chesapeake has agreed to all recommended changes and has incorporated them into the Unit Agreement. Please sign and return the extra pages of the following in the self-addressed envelope as soon as possible.

- Signature page to the Unit Agreement (Ratification and Joinder of Unit Agreement) Please execute both copies and acknowledge.

Chesapeake actively pursues opportunities to increase our reserve base through the acquisition of oil and gas properties. Should you wish to sell or exchange your interest in the captioned property or other properties, please contact the undersigned at Chesapeake Exploration, L.L.C., P.O. Box 18496, Oklahoma City, OK 73154-0496, (405) 810-2727.

Best Regards,

Chesapeake Exploration, L.L.C.,

Terry Frohnapfel, CPL  
Sr. Landman

Enclosures: Order No. R-12952  
Unit Agreement with Attachments  
Ratification Signature Page (please return 1 copy)

# Exhibit "D"

## QUAIL QUEEN UNIT WIO Unit Participation BASED ON TPF'S

| Tracts Unit Participation Fraction<br>Working Interest Owner                        | Total of<br>All Tract's TPF<br>1.0000000000 |                     |
|---|---|---------------------|
|   | UNIT WI                                     | UNIT NRI            |
| Chesapeake Exploration L.L.C.   | 0.8871879744                                | 0.7007103946        |
| CLM Production Company  | 0.0002451313                                | 0.0001912031        |
| First Century Oil Inc.  | 0.0037390462                                | 0.0028800203        |
| Fisco Inc.  | 0.0037390462                                | 0.0028800203        |
| Gene A. Snow Operating  | 0.0018699490                                | 0.0014404709        |
| Joe M. & Nancy Wigley   | 0.0002451313                                | 0.0001912020        |
| Laura K. Read   | 0.0002451313                                | 0.0001912031        |
| New Mexico Western Mineral, Inc.  | 0.0068637459                                | 0.0053537218        |
| Patricia L. Pruitt  | 0.0002451313                                | 0.0001912031        |
| Pintail Production Company, Inc.  | 0.0274549837                                | 0.0214148873        |
| Pride Energy Company  | 0.0570468441                                | 0.0475390368        |
| Randall R. Fort   | 0.0001225656                                | 0.0000956015        |
| Read & Stevens, Inc.  | 0.0071957499                                | 0.0055616739        |
| Roy G. & Opal Barton Revocable Trust, Roy<br>G. Barton Jr., aka George Barton Trust | 0.0034318730                                | 0.0026768609        |
| Tommy R. Fort   | 0.0001225656                                | 0.0000956015        |
| William A. Bradshaw   | 0.0002451313                                | 0.0001912031        |
|   | <b>1.0000000000</b>                         | <b>0.7916043044</b> |

Quail Queen Unit  
Vote Tabulation  
Sent out July 1, 2008

### Votes / Working Interest Owners

| Number | Percent     |   |
|--------|-------------|---|
| 16     | 100.0       | Total working interest owners in proposed unit.   |
| 9      | <b>96.6</b> | Voting percentage of working interest owners approving the Unit Agreement / Unit Operating Agreement. |
| 7      | 3.4         | Did not respond.  |

### Votes / Mineral Interest Owners

| Number | Percent      |   |
|--------|--------------|---|
| 1      | 100.0        | Total mineral interest owners in proposed unit.                             |
| 1      | <b>100.0</b> | Voting percentage of mineral interest owners granting preliminary approval. |

### Overriding Royalty Interest Owners

| Number | Percent |  |
|--------|---------|--|
| 8      | 100.0   | Total overriding interest owners in proposed unit. |
| 4      | 12.3    | Total number with an approval response.            |
| 4      | 87.7    | Did not respond.                                   |

(Notice was sent, although Overriding Royalty Interest Owners do not have a voting percentage)

**RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned (whether one or more) hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement, if the undersigned is a working interest owner, as though the undersigned had executed the original instrument.

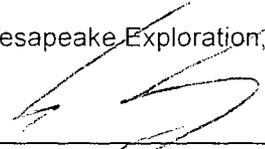
This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests and royalties within the said unit presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 8<sup>th</sup> day of July 2008.

WITNESS:

Chesapeake Exploration, L.L.C.,



By: Henry J. Hood  
Title: Senior Vice President-Land and  
Legal & General Counsel

Address: Chesapeake Exploration, L.L.C.,  
P O Box 18496  
Oklahoma City, OK 7314-0896

STATE OF Oklahoma

COUNTY OF Oklahoma

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of July, 2008, by (name) Henry J. Hood  
(office or capacity) Sr. V.P. Land and Legal, of (name of company) Chesapeake Exploration, L.L.C.

WITNESS my hand and official seal.

Remy Frohnapp  
Notary Public

My Commission expires: 11-01-09



**RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned (whether one or more) hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement, if the undersigned is a working interest owner, as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests and royalties within the said unit presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 13 day of July 2008.

WITNESS:

Tracie Mapey  
CLM Production Company  
By: [Signature]  
Title: Pres  
Owner #

[Redacted] [Redacted]

Address: CLM Production Company  
P O Box 881  
Roswell, NM 88202

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by (name) \_\_\_\_\_ (office or capacity) \_\_\_\_\_, of (name of company) \_\_\_\_\_.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

**RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned (whether one or more) hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement, if the undersigned is a working interest owner, as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests and royalties within the said unit presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 8<sup>th</sup> day of July 2008.

WITNESS:

First Century Oil, Inc.,

Charles B. Read

By:  
Title:

Address:

First Century Oil, Inc.,  
P O Box 1518  
Roswell, NM 88201

STATE OF New Mexico

COUNTY OF Chaves

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of July, 2008, by (name) Charles B. Read, (office or capacity) President, of (name of company) First Century Oil, Inc.

WITNESS my hand and official seal.

Judy Sedillo  
Notary Public

My Commission expires: 6/13/2012

**RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned (whether one or more) hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement, if the undersigned is a working interest owner, as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests and royalties within the said unit presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 10<sup>th</sup> day of July 2008.

WITNESS:

Fisco, Inc.,

Bobby Connell

[Signature]

By: Norman L. Stevens, Jr.  
Title: President

Address:

Fisco, Inc.,  
P O Box 3087  
Roswell, NM 88202

STATE OF New Mexico

COUNTY OF Chaves

The foregoing instrument was acknowledged before me this 10<sup>th</sup> day of July, 2008, by (name) Norman L. Stevens Jr., (office or capacity) President, of (name of company) FISCO INC

WITNESS my hand and official seal.

[Signature]  
Notary Public

My Commission expires: 5-13-12

**RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned (whether one or more) hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement, if the undersigned is a working interest owner, as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests and royalties within the said unit presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 8<sup>th</sup> day of July 2008.

WITNESS:

Charles B. Read

Laura K Read  
By: Laura K. Read  
Title: Owner

Address:

Laura K. Read  
P O Box 1518  
Roswell, NM 88202-1518

STATE OF New Mexico

COUNTY OF Chaves

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of July, 2008, by (name) Laura K Read, of (name of company) \_\_\_\_\_, (office or capacity) \_\_\_\_\_.

WITNESS my hand and official seal.

Judy Sedillo  
Notary Public

My Commission expires: 6/13/2012

**RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned (whether one or more) hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement, if the undersigned is a working interest owner, as though the undersigned had executed the original instrument.

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This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 9<sup>th</sup> day of July 2008.

WITNESS:

New Mexico Western Minerals, Inc.

[Signature]

[Signature]

By:  
Title: President

Address: New Mexico Western Minerals, Inc.  
P O Box 1738  
Roswell, New Mexico 88202-1738

STATE OF New Mexico  
COUNTY OF Chaves

The foregoing instrument was acknowledged before me this 9<sup>th</sup> day of July, 2008, by (name) Doralea Bean (office or capacity) President, of (name of company) NM Western Minerals, Inc.

WITNESS my hand and official seal.

[Signature]  
Notary Public

My Commission expires: 12/7/08

**RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned (whether one or more) hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement, if the undersigned is a working interest owner, as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests and royalties within the said unit presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 9th day of July 2008.

WITNESS:

Cally Andersen

Pride Energy Company

X John W. Pride  
By: Pride Oil & Gas Co., Inc.

By: Title: General Partner  
By: John W. Pride  
Title: President

Address: Pride Energy Company  
P O Box 701950  
Tulsa, OK 74170-1950

**PRIDE ENERGY COMPANY,  
AN OKLAHOMA GENERAL PARTNERSHIP**

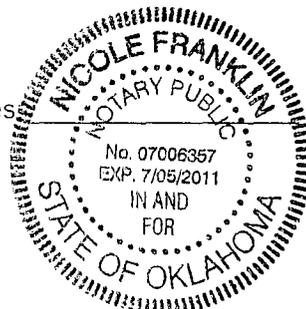
STATE OF Oklahoma P.O. Box 701950  
Tulsa, OK 74170-1950  
COUNTY OF Tulsa

The foregoing instrument was acknowledged before me this 9th day of July, 2008, by (name) John W. Pride (office or capacity) President, of (name of company) Pride Oil & Gas Co., Inc. as general partner of Pride Energy Company

WITNESS my hand and official seal.

Nicole Franklin  
Notary Public

My Commission expires



**RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned (whether one or more) hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement, if the undersigned is a working interest owner, as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests and royalties within the said unit presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 8th day of July 2008.

WITNESS:

\_\_\_\_\_  
By: Randall R. Fort  
Title: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Address: Randall R. Fort  
~~PO Box 13693~~ 9716 Admiral Emerson Ave, NE  
Albuquerque, NM ~~87192~~  
87111

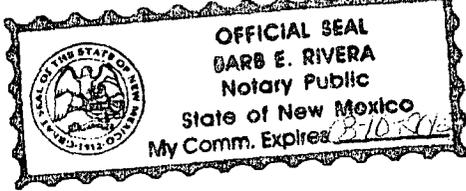
STATE OF NEW MEXICO  
COUNTY OF BERNALILLO

The foregoing instrument was acknowledged before me this 08th day of JULY, 2008, by (name) RANDALL R. FORT  
(office or capacity) INDIVIDUAL, of (name of company) USA

WITNESS my hand and official seal.

[Signature]  
Notary Public

My Commission expires: 03-10-2012



**RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned (whether one or more) hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement, if the undersigned is a working interest owner, as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests and royalties within the said unit presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 22 day of July 2008.

WITNESS:

Read & Stevens, Inc.

Robert H. Watson

By: John C. Maxey  
Title: Pres

Address: Read & Stevens, Inc.  
P O Box 1518  
Roswell, NM 88202

STATE OF New Mexico

COUNTY OF Chaves

The foregoing instrument was acknowledged before me this 22nd day of July, 2008, by (name) John C. Maxey, (office or capacity) President, of (name of company) Read & Stevens, Inc.

WITNESS my hand and official seal.

Judy Sedillo  
Notary Public

My Commission expires: 6/13/2012

# Exhibit "D"

## QUAIL QUEEN UNIT ORRI Unit Participation BASED ON TPF'S

| Tracts Unit Participation Fraction<br>Override Interest Owner | Total of<br>All Tract's TPF<br>1.0000000000 |              |
|---|---|--------------|
|   | ORRI  | TPF(ORRI)    |
| Ann W. Morris   |   | 0.0017845739 |
| Chesapeake  |   | 0.0013485518 |
| Cimarex Energy Company  |   | 0.0205682604 |
| Columbine II Ltd Partnership                                  |   | 0.0068637459 |
| Diverse GP III  |   | 0.0051791308 |
| Macey & Mershon Oil Inc.                                      |   | 0.0016195499 |
| Magnum Hunter Production Inc.                                 |   | 0.0418703594 |
| Paul and Patrica Slayton.                                     |   | 0.0017845739 |

**RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned (whether one or more) hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement, if the undersigned is a working interest owner, as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests and royalties within the said unit presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 8<sup>th</sup> day of July 2008.

WITNESS:

Chesapeake Exploration, L.L.C.,

By: [Signature]  
Title: Henry J. Hood  
Senior Vice President-Land and  
Legal & General Counsel

Address: Chesapeake Exploration, L.L.C.,  
P O Box 18496  
Oklahoma City, OK 7314-0896

STATE OF Oklahoma

COUNTY OF Oklahoma

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of July, 2008, by (name) Henry J. Hood, (office or capacity) Sr. V.P. Land and Legal, of (name of company) Chesapeake Exploration, L.L.C.

WITNESS my hand and official seal.

[Signature]  
Notary Public

My Commission expires: 11-01-09



**RATIFICATION AND JOINDER OF UNIT AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other royalty and overriding royalty interest owners, the undersigned whether one or more hereby expressly ratifies, approves, and adopts said Unit Agreement, if the undersigned is a royalty or overriding royalty interest owner, as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests and royalties within the said unit presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 30<sup>th</sup> day of July 2008.

WITNESS:

[Signature]

Diverse GP III

[Signature]

By:  
Title:

[Redacted]

[Redacted]

Address:

Diverse GP III  
c/o Fortune Natural Resources  
P O Box 840524  
Dallas, TX 75284-0524

STATE OF Texas

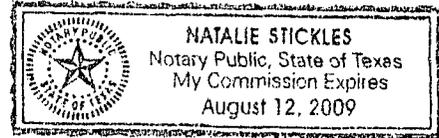
COUNTY OF Dallas

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of July, 2008, by (name) Robin D. McGuire (office of capacity) Agent - Attorney in Fact, of (name of company) Diverse GP III

WITNESS my hand and official seal.

[Signature]  
Notary Public

My Commission expires: 8/12/09



**RATIFICATION AND JOINDER OF UNIT AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Quail Queen Waterflood Unit Area, County of Lea, State of New Mexico, dated August 1, 2007, in form approved by the Bureau of Land Management and Commissioner of Public Lands, and in consideration of the execution or ratification by other royalty and overriding royalty interest owners, the undersigned whether one or more hereby expressly ratifies, approves, and adopts said Unit Agreement, if the undersigned is a royalty or overriding royalty interest owner, as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests and royalties within the said unit presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, his, her, or its heirs, devisees, assigns, or successors in interest.

EXECUTED this 8<sup>th</sup> day of July 2008.

WITNESS:

Macey & Mershon Oil, Inc.,

*Jeanette Heimbeck*  
Secretary

*Keith H. Heimbeck*  
By: Keith H. Heimbeck  
Title: President

[Redacted Signature Area]

Address: Macey & Mershon Oil, Inc.,  
1801 Broadway Suite 1600  
Denver, CO 80201

STATE OF Colorado

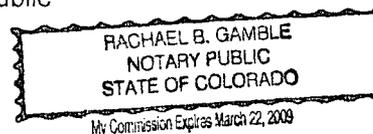
COUNTY OF Denver

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of July, 2008, by (name) Keith H. Heimbeck, (office or capacity) President, of (name of company) Macey & Mershon Oil, Inc.

WITNESS my hand and official seal.

*Rachael B. Gamble*  
Notary Public

My Commission expires: 3/22/09





# Exhibit "D"

## QUAIL QUEEN UNIT ROYALTY Unit Participation BASED ON TPF'S

|                                    | Total of<br>All Tract's TPF<br>1.0000000000 |                     |
|------------------------------------|---|---------------------|
| Tracts Unit Participation Fraction | RI  | TPF(RI)             |
| Royalty Interest Owner             |   |                     |
| State of New Mexico                |   | 0.1273769515        |
| <b>TOTAL</b>                       |   | <b>0.1273769515</b> |