

THE OIL CONSERVATION COMMISSION

CASE NO. 14001 & 14002

EXHIBIT

26



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 14, 2008

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

Attention: Ms. Ocean Munds-Dry

Re: Revised Preliminary Approval Letter
Proposed Quail Queen Unit
Lea County, New Mexico

RECEIVED
AUG 18 2008
HOLLAND & HART LLP

Dear Ms. Munds-Dry:

This office has received your letter of August 7, 2008 and a copy of the amended Quail Queen Unit agreement in Lea County. In your letter you have notified this office that Section 2(d) and Section 12 of the original agreement form were amended following the approved NMOCD Order # R-12952 and have requested that this office re-new our preliminary approval of this agreement. This amended agreement form 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 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. 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.
3. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
4. A copy of the Unit Operating Agreement.
5. A copy of your Initial Plan of Operation.
6. A re-designation of well names and numbers.
7. The filing fee for a unit agreement is \$30.00 dollars for every section of partial section thereof. Please submit a \$90 filing fee.

BEFORE THE OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Case No. 14001 & 14002 De Novo
(Consolidated).....Exhibit No. 26

Submitted by:

CHESAPEAKE EXPLORATION, L.L.C.

Hearing Date: August 14, 2008

Carrie Tingley Hospital • Charitable Penal & Reform School • NM Highlands University • NM Institute Handicapped • NM State Hospital • New Mexico State Park Commission • University of New Mexico

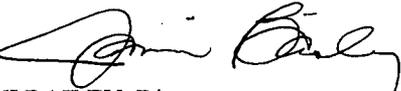
Miners' Hospital of NM • NM Boys School for the Deaf • NM School for the Visually Impaired of New Mexico • Public Buildings at Capital University

Holland & Hart LLP
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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
PL/JB/pm

pc: Reader File
OCD-Attention: Mr. Ed Martin