

UNIT NAME: QUAIL QUEEN UNIT
OPERATOR: CHESAPEAKE ENERGY
COUNTY: LEA

RECEIVED
2009 JAN 2 PM 2 22

DATE APPROVED OCCD CASE NO. OCCD ORDER NO. TOTAL ACREAGE STATE FEDERAL INDIAN FEE SEGREGATION CLAUSE TERM

EFFECTIVE STATUTORY UNITIZATION 840.00 840.00 0.00 0.00 EXTENDED SO LONG AS
1/1/2009 CASE NO. 14001 - 14002
ORDER NO. R-12952-B

APPROVALS

SLO-12/30/2008
OCD-6/2/2008

TOWNSHIP 19 SOUTH, RANGE 34 EAST

STATE LANDS
SECTION 11: NE4, S2
SECTION 13: W2 NW4, NW4 SW4,
SECTION 14: N2 NW4, NE4



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

RECEIVED

2008 DEC 31 AM 11:57

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

December 30, 2008

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

Attn: Ms. Ocean Munds-Dry

Re: Final Approval
Quail Queen Unit
NMOCC Statutory Unitization Case Nos. 14001, 14002 Order No. R-12952-B
Lea County, New Mexico

114001-14002

Dear Ms. Munds-Dry:

This office is in receipt of your letter of November 18, 2008, wherein on behalf of Chesapeake Operating, Inc. you have requested final approval of the Quail Queen Unit Agreement, Lea County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Quail Queen Unit Agreement, Lea County, New Mexico. Also, approved on this date, is your initial plan of operation for the above mentioned unit area. It is our understanding that no fresh water will be used in this unit agreement. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed are (5) Certificates of Approval.

Pursuant to Section 22 of the agreement, this unit shall become effective on the first day of the calendar month next following the approval of this agreement by the Land Commissioner and the Oil Conservation Commission.

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: Ed Martin
TRD-Attention: Mr. Valdean Severson
RMD-Attention: Mr. Kurt Mcfall

-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