STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONERVATION DIVISION

Case No. 14325

EXHIBIT

3

STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISON

IN THE MATTER OF THE APPLICATION OF CHESAPEAKE OPERATING INC., FOR APPROVAL OF A PILOT PROJECT IN THE SEVEN RIVERS FORMATION TO STUDY THE FEASIBILITY OF IMPLEMENTING ENHANCED RECOVERY OPERATIONS IN THIS POOL, LEA COUNTY, NEW MEXICO. CASE NO. 14325

AFFIDAVIT

STATE OF NEW MEXICO))ss. COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of Chesapeake

Operating Inc., the Applicant herein, states that notice of the above-referenced

Application was mailed to the interested parties shown on Exhibit "B"

attached hereto in accordance with Oil Conservation Division Rules, and that true

and correct copies of the notice letter and proof of notice are attached hereto.

SUBCRIBED AND SWORN to before me this And day of June 2009 by William F. Carr.

Notary

My Commission Expires: 3-10-12

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No.14325 Exhibit No. 3 Submitted by: <u>CHESAPEAKE OPERATING INC.</u> Hearing Date: June 2, 2009



EXHIBIT B

CHESAPEAKE OPERATING INC.

APPLICATION FOR APPROVAL OF A PILOT PROJECT IN THE SEVEN RIVERS FORMATION TO STUDY THE FEASIBILITY OF IMPLEMENTING ENHANCED RECOVERY OPERATIONS IN THIS POOL, LEA COUNTY, NEW MEXICO.

NOTICE LIST

Lessees in All of Section 14:

Chesapeake Exploration, LLC P.O. Box 18496 Oklahoma City, OK 73154-0496

David J. Sorenson 2709 Coronado Drive Roswell, NM 88201

Hutchings Oil Company c/o Stratton & Cavin, PA 40 First Plaza Centre NW #610 Albuquerque, NM 87102

Winn Investments, Inc. 706 Brazos Street Roswell, NM 88201

Nuevo Seis, LP Barbara E. Hannifin, President 300 W. 2nd Street Roswell, NM 88201

Permian Basin Investment Corp. 215 West Third Street Roswell, NM 88201 William James Ball, Jr. & Nikki Ball 4300 Copper Rock Drive Edmund, OK 73025

Daniel W. Varel c/o Bright & Bright, LLP 5944 Luther Lane, Suite 600 Dallas, TX 75225

Sealy Hutchings Cavin, Inc. 504 N. Wyoming Roswell, NM 88201

Williamson Enterprises 200 W. DeVargas Street, #1 Santa Fe, NM 87501

Marcia Joy Varel c/o Bright & Bright, LLP 5944 Luther Lane, Ste 600 Dallas, TX 75225 Nearburg Exploration Co., LLC 3300 North A Street Building 2, Suite 120 Midland, TX 79705

S. H. Cavin 504 N. Wyoming Roswell, NM 88201

Susan Scott Murphy 706 Brazos Street Roswell, NM 88201

Frank S. & Robin L. Morgan 135 West Cottonwood Road Artesia, NM 88210

Sealy H. Cavin, Jr. 3235 Calle De Deborah NW Albuquerque, NM 87104





Lessees in E/2 of Section 15:

Fasken Oil & Ranch, Ltd FBO Fasken Land & Minerals Ltd. 303 W. Wall Ave., Ste 1800 Midland, TX 79701-5116

J. Brad & Debbie Jeffers 607 Tierra Berrenda Roswell, NM 88201 Patrick Bridgeman 354 Calle Chueca San Clemente, CA 92672

Lessees in N/2 NW & NW NE of Section 23:

Explorers Petroleum Corporation P.O. Box 1933 Roswell, NM 88202-1933 Harvey E. Yates Co. 1007 Marquette NW Albuquerque, NM 87102 Laurelind Corp. 500 North Main Street, #827 Roswell, NM 88202-12143

Nadel & Gusman Capitan, LLC 15 E. 5th Street, #3200 Tulsa, OK 74103 SABA Energy of Texas, Inc. 3201 Airpark Drive, #201 Santa Mariz, CA 93455 Spiral Inc. P.O. Box 1933 Roswell, NM 88202-1933

Yates Energy Corp. 500 N. Main Street, #1010 Roswell, NM 88202-2323

LOVINGTON LEADER

P.O. Drawer 1717 Lovington, NM 88260 (875) 396-2844 Fax: (575) 396-5775 Email: leader@leaco.net lovingtonleader@yahoo.com

> LEGAL NOTICE NOTICE OF PUBLICATION STATE OF ENERGY, MINERALS RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE NEW MEXICO

The State of New Mexico through its Oli Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on June 2, 2009, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need, of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary ald or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by May 25, 2009: Public documents including the agenda and minutes, can be provided in various accessible tarms. Please contact Florene Davidson If a summary or other type of accessible form is needed. . .

> STATE OF NEW MEXICO TO: 19 A.L. All named parties and persons having any right, title, interest or claim in the following and notice to the public. or claim in the following cases

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

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CASE 14325

Application of Chesapeake Operating Inc. for approval of a pilot project in the Seven Rivers formation to study the feasibility of implementing enhanced recovery opera-tions in this pool, Lea County, New Mexico. Applicant in the above styled cause seeks an order authorizing a pilot project on Federal Oll and Gas Lease NM 56749 covering 520 acres located in the W/2, W/2 SE/4, N/2 NE/4, SW/4, NE/4 of Section 14, Township 19. South, Range 33 East, NMPM by the injection of water into the Tonto-Seven Rivers Pool in its Federal USA L Well No. 4 at a location 2100 feet from the South line and 2310 feet from the West line of Section 14, Township 19 South, Range 33 East, NMPM. Said lease is located approximately 13.5 miles south southeast of Maljamar, New Mexico. a a sha ƙasar a 👘

Given under the Seal of the State of New Mexico Oil Conservation Division at Santa Fe, New Mexico on this 6th day of May 2009.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E., Director Published in the Lovington Leader May 12, 2009. The structure of the st HOLLAND&HART

William F. Carr wcarr@hollandhart.com

May 1, 2009

<u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

TO AFFECTED INTEREST OWNERS

Re: Application of Chesapeake Operating Inc. for approval of a pilot project in Re Seven Rivers formation to study the feasibility of implementing enhanced recovery operations in this pool, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Chesapeake Operating Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving a pilot project in the Tonto Yates-Seven Rivers Pool for purposes of studying the feasibility of implementing enhanced recovery operations in this pool, Lea County, New Mexico.

Chesapeake seeks authority to inject water into the Tonto-Seven Rivers Pool in its Federal USA L Well No. 4 at a location 2100 feet from the South line and 2310 feet from the West line of Section 14, Township 19 South, Range 33 East, NMPM on a pilot project area comprised of Federal Oil and Gas Lease NM 56749 covering 520 acres located in the W/2, W/2 SE/4, N/2 NE/4, SW/4 NE/4 of Section 14, Township 19 South, Range 33 East, NMPM.

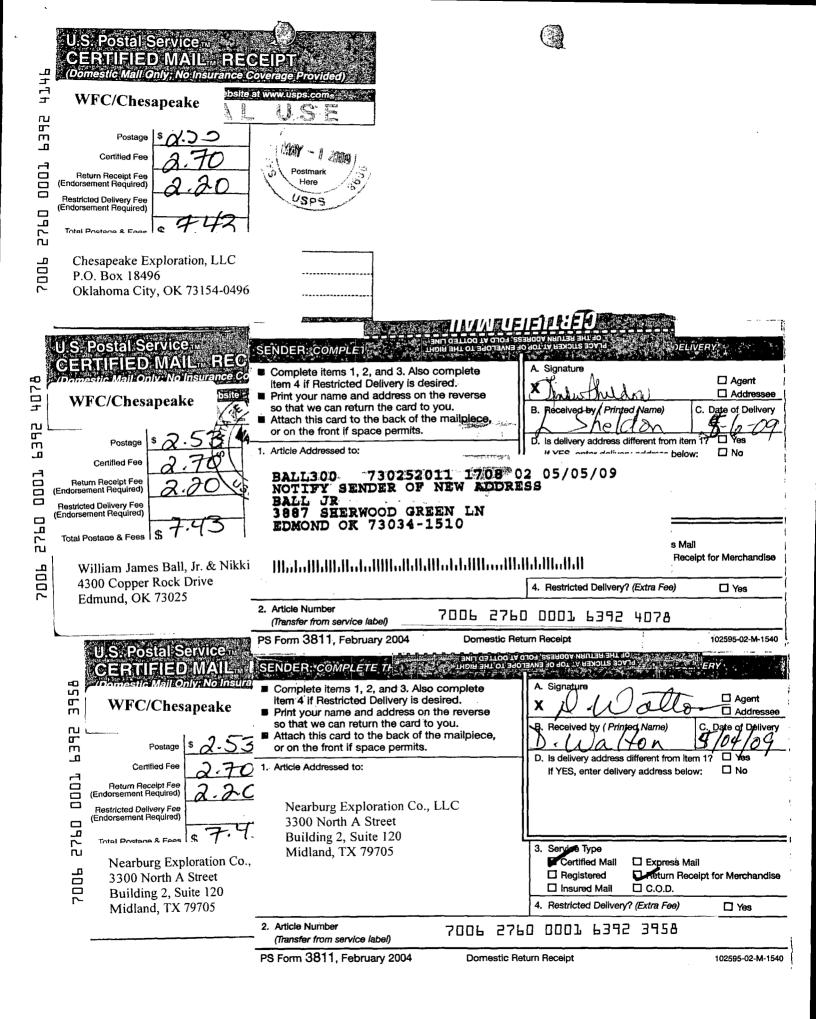
This application is set for hearing at 8:15 a.m. on June 1, 2009, at Porter Hall located in the Division's Santa Fe Office at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13 to file a Pre-hearing Statement four days in advance of a scheduled hearing at the Oil Conservation Division's Santa Fe Office. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sihcerely,

William F. Carr ATTORNEY FOR CHESAPEAKE OPERATING INC.

Holland & Hart up Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com 110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208 Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City Santa Fe Washington, D.C. ©

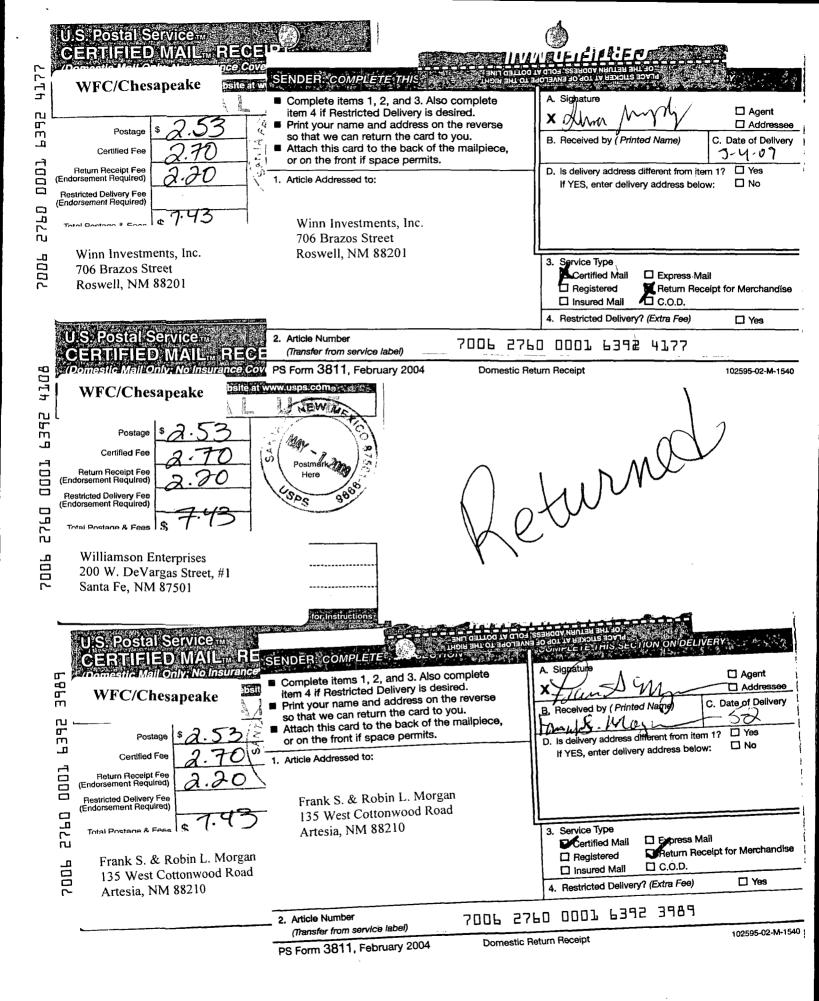


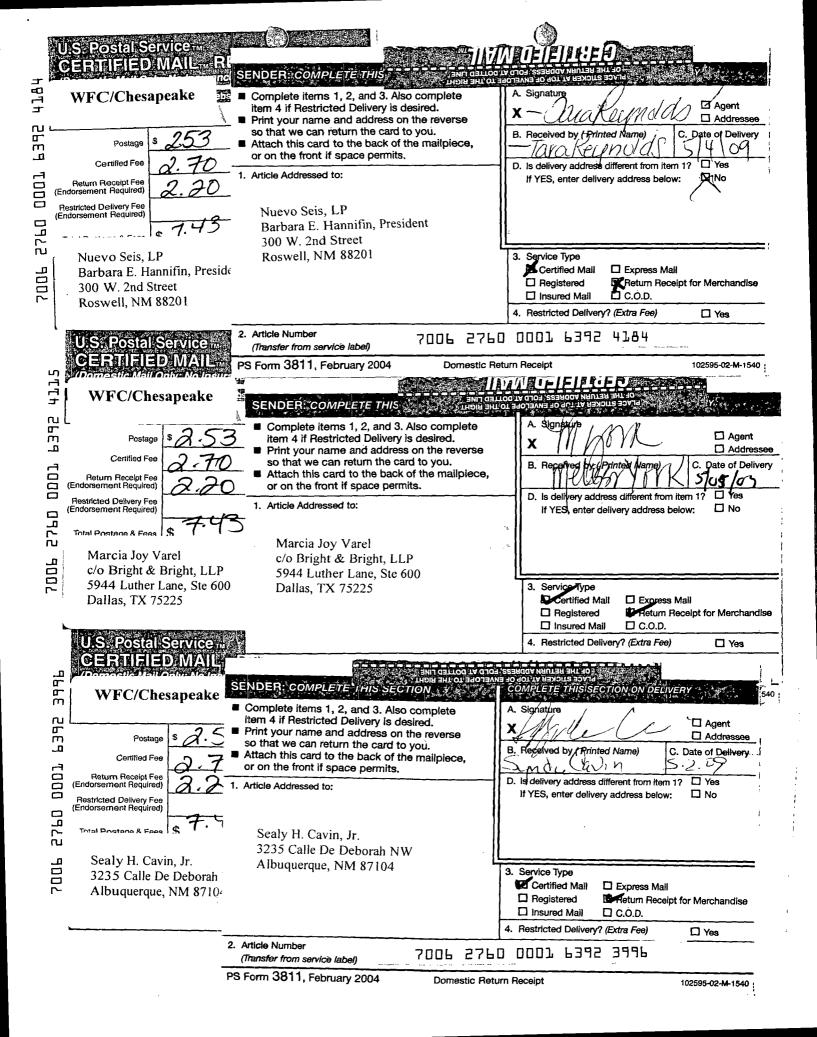
US Postal Service and CERTIFIED MAIL RE Comestic Mail Only, No Insurance WFC/Chesapeake		A Signature
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Certified Fee 2.70	or on the front if space permits.	DAV. J. Sonenson 5-14-07 D. Is delivery address different from item 1?
(Endorsement Required)	1. Article Addressed to:	If YES, enter delivery address below:
Bestricted Delivery Fee (Endorsement Required)	David J. Sorenson 2709 Coronado Drive Roswell, NM 88201	3. Service Type
□ David J. Sorenson □ 2709 Coronado Drive ► Roswell, NM 88201		Certified Mail Express Mall
U.S. Postal Servicem		Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes
	2. Article Number (Transfer from service label) 7006	2760 0001 6392 4153
WFC/Chesapeake	· · · · · · · · · · · · · · · · · · ·	tic Return Receipt 102595-02-M-1540
Postage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)	 Attach uns card to the commits. or on the front if space permits. 1. Article Addressed to: Daniel W. Varel c/o Bright & Bright, LLP 5944 Luther Lane, Suite 600 	D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No No 3. Service Type
Total Postage & Fees \$ 7.9 Daniel W. Varel c/o Bright & Bright, LLP 5944 Luther Lane, Suite 6	Dallas, TX 75225	Certified Mail Express Mail Registered Heturn Receipt for Merchandise Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes
Dallas, TX 75225	2. Article Number 7006 (Transfer from service label)	
GERNIELEDMAN WFC/Chesapeake Postage Certified Fee Return Receipt Fee Restricted Delivery Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)	ENDER: COMPLETE TH: Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.	Ox I so theory reprinted with the point of the points a point Ary A. Signature I Agent X I Addressee B. Received by (Printed Name) C. Date of Delivery Subject of the point of the po
		Certified Mail Control Receipt for Merchandise Insured Mail C.O.D. Restricted Delivery? (Extra Fee) Yes
□ S. H. Cavin 504 N. Wyoming ► Roswell, NM 88201		4. Restricted Delivery (Chur co,
- ROSWEII, MMI 00201	2. Article Number 7006 2 (Transfer from service label)	760 0001 6392 3965
PS Form 3811, February 2004 Domestic Return Receipt		

US: Postal Servicen CERTIFIED MAIL Postage Postage Postage Certified Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Totel Postagie & Fees S Hutchings Oil Company c/o Stratton & Cavin, PA 40 First Plaza Centre NW #61 Albuquerque, NM 87102	 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: Hutchings Oil Company c/o Stratton & Cavin, PA 40 First Plaza Centre NW #610 Albuquerque, NM 87102 	
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 Land Sealy Hutchings Cavin, Inc. South South Sealy Hutchings Cavin, Inc. 504 N. Wyoming C Roswell, NM 88201 	Roswell, NM 88201	3. Service Type Certified Mail Express Mail Registered Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes
US Postal Service CERTIFIED MALS R Constituted Field Postage Postage Postage Postage Postage Postage Return Receipt Fee Endorsement Required) Restricted Delivery Fee Endorsement Required) Total Postage & Fees Susan Scott Murphy 706 Brazos Street Roswell, NM 88201	 item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: Susan Scott Murphy 706 Brazos Street Roswell, NM 88201 2. Article Number 	Low Contraction Low Contraction Leturn Receipt 102595-02-M-1540 X Magent Addressee B. Received by (Printed Name) C. Date of Delivery Y D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
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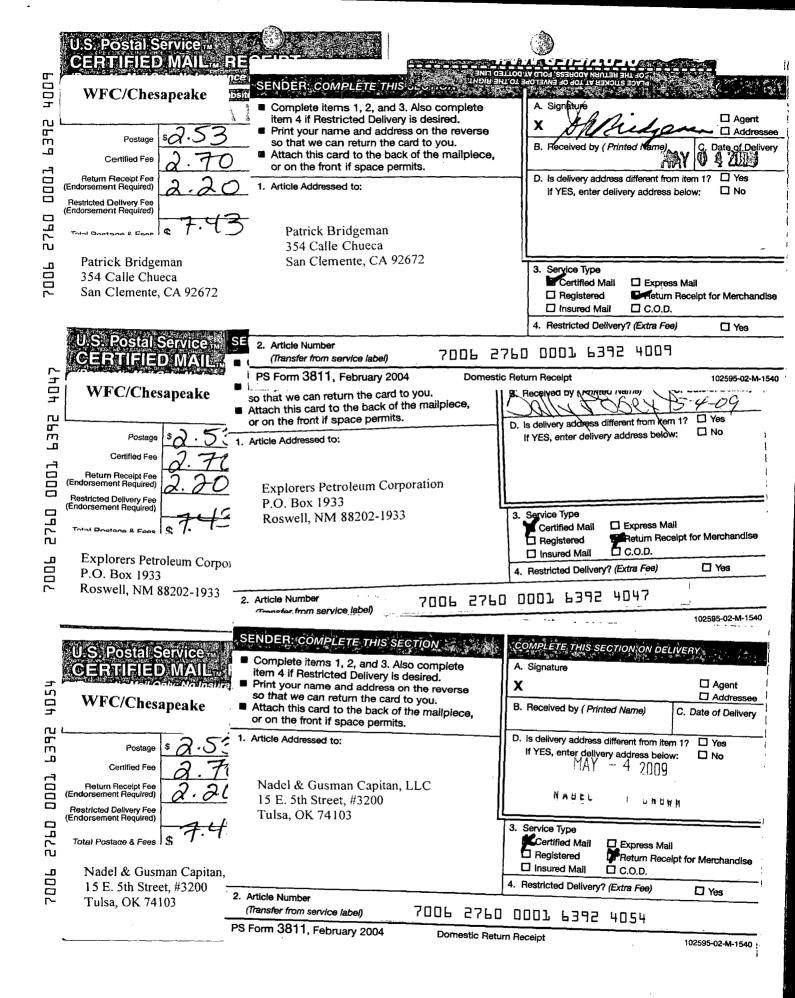
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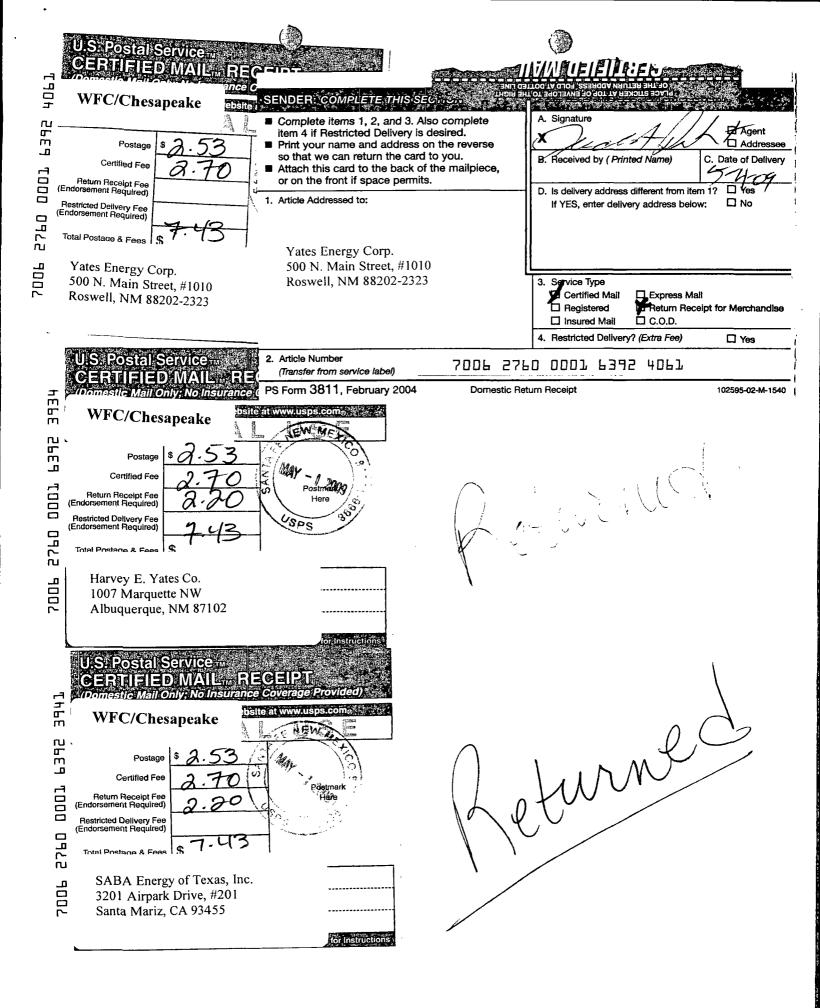
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Postal Service CERTIFIED MAIL REC Ω⁻ m Complete items 1, 2, and 3. Also complete A. Signature WFC/Chesapeake ц Ч 2 Agent item 4 if Restricted Delivery is desired. Х Print your name and address on the reverse Addressee പ so that we can return the card to you. Ē \$ B. Received by (Printed Name) Date of Delivery Postage Attach this card to the back of the mailpiece. م or on the front if space permits. Certified Fee C Yes D. Is delivery address different from item 1? 10 1. Article Addressed to: Return Receipt Fee (Endorsement Required) If YES, enter delivery address below: Restricted Delivery Fee (Endorsement Required) 2760 Permian Basin Investment Corp. \$ Total Postage & Fees 215 West Third Street Roswell, NM 88201 Service Type 7006 Permian Basin Investment Corp Certifled Mail Express Mail 215 West Third Street Registered Return Receipt for Merchandise б с.о.D. Insured Mail Roswell, NM 88201 4. Restricted Delivery? (Extra Fee) Yes 2. Article Number 7006 2760 0001 6392 4139 **IIIS. Postal Service** (Transfer from service label) CERTIFIEDMAIL 102595-02-M-1540 SENDER: COMPLETE, THIS S m WFC/Chesapeake Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Nature Print your name and address on the reverse പ Ē so that we can return the card to you. Postage Agent Attach this card to the back of the mailpiece, ف Addressee or on the front if space permits. Certified Fee C. Date of Delivery 1 1. Article Addressed to: Return Receipt Fee (Endorsement Required) D. Is delivery address different from item 1? If YES, enter delivery address below: C Yes Restricted Delivery Fee (Endorsement Required) 2760 🗆 No Fasken Oil & Ranch, Ltd FBO Fasken Land & Minerals Ltd. Total Postana & 303 W. Wall Ave., Ste 1800 Fasken Oil & Ranch, Ltd Midland, TX 79701-5116 7006 FBO Fasken Land & Miner Service Type 303 W. Wall Ave., Ste 1804 Certified Mail Midland, TX 79701-5116 Express Mail C Registered Return Receipt for Merchandise Insured Mail Ѽ С.О.D. 4. Restricted Delivery? (Extra Fee) 2. Article Number U.S. Postal Service (Transfer from service label) 🛛 Yes 7006 2760 0001 6392 4030 GERTIFIED MAIL PS Form 3811, February 2004 Domestic Return Receipt 41,22 Print your name and address on une 102595-02-M-1540 WFC/Chesapeake so that we can return the card to you. B. Received by (Attach this card to the back of the mailplece. 6392 or on the front if space permits. D. Is delivery address different from item 1? 1. Article Addressed to: If YES, enter delivery address below: Certified Fee 1000 Return Receipt Fee (Endorsement Required) J. Brad & Debbie Jeffers Restricted Delivery Fee 607 Tierra Berrenda (Endorsement Required) 2760 Roswell, NM 88201 3. Service Type Total Postane & Fees Certified Mail Express Mail Registered Seturn Receipt for Merchandise J. Brad & Debbie Jeffers 7006 Insured Mail C.O.D. 607 Tierra Berrenda 4. Restricted Delivery? (Extra Fee) ☐ Yes Roswell, NM 88201 2. Article Number 7006 2760 0001 6392 4122 (Transfer from service label) PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540





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(Endorsement Required) Spiral Inc. P.O. Box 1933 Roswell, NM 88202-1933	2. Article Number 2001	3. Service Type Image: Certified Mail Express Mail Image: Registered Image: Co.D. Image: Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Image: Yes Image: Co.D. Co.D. Image: Co.D. C.O.D. Image: Co.O.D. C.O.D. Image: Co.O.D. C.O.D. Image: Co.O.D. C.O.D.
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