

Nearburg Exploration Company, L.L.C.

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915-686-8235
Fax 915-686-7806

August 14, 1997

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

Mr. Mike Hazlip
Chesapeake Operating, Inc.
P. O. Box 18496
Oklahoma City, OK 73154-0496

RE: Well Proposal of July 29, 1997
Gandy #1-19
660' FNL and 660' FEL
Section 19, T-16-S, R-36-E
Lea County, New Mexico
Hogan Prospect

Dear Mike:

Please refer to Nearburg Exploration Company, L.L.C.'s (NEC) well proposal dated July 29, 1997 and our telephone conversation of August 13, 1997, whereby we have been attempting to reach a voluntary agreement with regard to the drilling of the captioned well. To the extent we can cooperate with any suggested changes you may have to the Joint Operating Agreement, we will be more than happy to review same. However, we are not in a position to agree to change the location of the initial test well, as you have requested. We believe drilling a standard location is preferable and in addition, our location is based on our 3-D seismic interpretation. We believe it is critical to drill the most advantageous location based on geologic and geophysical merit, which is represented by the captioned location.

I have enclosed substitute pages to the Operating Agreement as you have suggested based on the applicable spacing regulations for this area. If you have any questions, please feel free to contact the undersigned.

Yours very truly,



Bob Shelton
Land Manager

BS/dw
Encl.

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11861 Exhibit No. 5

Submitted by: Nearburg Exploration Company, L.L.C.

Hearing Date: October 9, 1997

Is your RETURN addressed on the reverse side?

SENDER:
 ■ Complete items 1 and/or 2 for additional services.
 ■ Complete items 3, 4a, and 4b.
 ■ Put your name and address on the reverse of this form so that we can return this to you.
 ■ Attach this form to the front of the mailpiece, or on the back if space does not permit.
 ■ Write "Return Receipt Requested" on the mailpiece below the article number.
 ■ The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):
 1. Addressee's Address
 2. Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:

 Mr. Mike Hazlip
 Chesapeake Operating, Inc.
 P. O. Box 18496
 Oklahoma City, OK 73154-0496

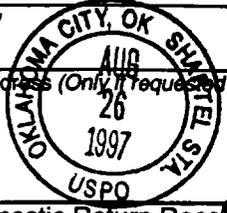
4a. Article Number
 P 497 370 298
 4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

5. Received By: (Print Name)

7. Date of Delivery

 8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
 X *Brian Ames*



Thank you for using Return Receipt Service.

P. 497 370 298

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to <i>Chesapeake Op.</i>	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Handy # 1-19 Logan Prospect</i>	

PS Form 3800, April 1995