

ILLEGIBLE

DAVID H. ARRINGTON OIL & GAS, INC.

P.O. BOX 2071 . MIDLAND, TEXAS 79702
OFF (915) 682-6685
FAX (915) 682-4139

Chesapeake Energy Corporation
6100 N. Western Avenue
P.O. Box 18496
Oklahoma City, Oklahoma 73154

JUNE 14, 2000

Attention: Lynda Townsend

Re: STIPULATION AND WAIVER OF OBJECTION

Unorthodox well location
#3 Boyce 15
2310' FNL & 341 FEL
Section 15, Township 16 South, Range 35 East, NMPM
Lea County, New Mexico

Dear Lynda:

Per conversations with you and Robert Hefner, David H. Arrington Oil and Gas, Inc. will waive objection to an unorthodox well location for the #3 Boyce 15, which Chesapeake has already drilled and run production casing on, upon the following stipulated terms and conditions:

A). A production penalty shall be imposed on the #3 Boyce 15 Well in any formation which is governed by Oil Conservation Division rules that provide for wells to be located no closer than 660 feet from the quarter section boundary. This penalty shall equal the percentage the well's bottomhole encroaches on the boundary based on the 660 foot minimum set back. This production penalty shall be applied to the results of semi-annual deliverability test of the well conducted in accordance with requirements of the Oil Conversation Division.

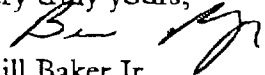
B). Chesapeake Energy and all interest owner's in the E1/2 of Section 15, T16S-R35E, Lea County, New Mexico, will waive objection to any David H. Arrington Oil & Gas, Inc. unorthodox location(s) in the W1/2 of Section 14, T16S-R35E, Lea County, New Mexico. Any well at an unorthodox location in the W1/2 Section 14 shall be subject to a production penalty equal to the percentage the well's bottomhole

location encroaches on the quarter section boundary based on a 660 foot minimum set back requirement. This production penalty shall be applied to the results of semi-annual deliverability test of the well conducted in accordance with requirements of the Oil Conservation Division.

C). Chesapeake Energy Corporation agrees to supply, simultaneously with execution of this agreement, David H. Arrington Oil & Gas, Inc. with a full set of all logs, drilling reports, completion reports, and test data on both the Chesapeake #1 Boyce 15 and the #3 Boyce 15 located in section 15, T16S-R35E, Lea County, New Mexico.

Please sign a copy of this letter indicating the your agreement to the above mentioned stipulations and terms and return it as confirmation of this agreement.

Very truly yours,


Bill Baker Jr.
Exploration Manager

APPROVAL AND WAIVER OF OBJECTION:

Chesapeake Energy Corporation

By: 

Sr. VP Exploration
Title