

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

June 23, 2000

Hand Delivered

Mr. Michael E. Stogner
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Re: Warehouse "10" Well No. 2
Administrative Application of
Chesapeake Operating, Inc.,
for a unorthodox subsurface location
S/2NE/4 Section 10, T16S, R36E
Lea County, New Mexico

Case 12464

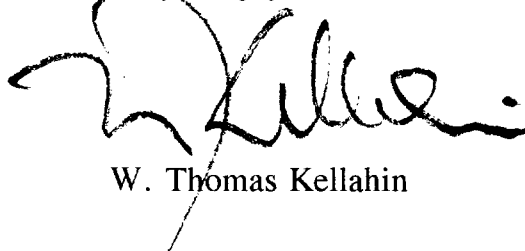
Dear Mr. Stogner:

On behalf of Chesapeake Operating, Inc. and in accordance with Division Rule 104, please find enclosed the enclosed original of this application for approval to drill this well directionally to an unorthodox subsurface location. We are seeking a 100 foot radius target around the unorthodox bottom hole location.

Concurrently with this application, we have filed a separate application with OCD-Hobbs requesting approval of the directional wellbore in accordance with Rule 111.

Please call me if you have any questions.

Very truly yours,



W. Thomas Kellahin

cc: Mr. Chris Williams (OCD-Hobbs)
Chesapeake Operating, Inc.
Attn: Lynda Townsend

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

**APPLICATION OF CHESAPEAKE OPERATING INC.
FOR AN UNORTHODOX SUBSURFACE LOCATION
LEA COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now Chesapeake Operating, Inc. ("Chesapeake"), by and through its attorneys, Kellahin & Kellahin, and in accordance with Division Rule 104 applies to the New Mexico Oil Conservation Division for approval for an unorthodox subsurface well location for its Warehouse "10" Well No. 2 and in support states:

- (1) Chesapeake proposes to drill its Warehouse "10" Well No. 2 at a surface location 1196 feet from the north line and 2463 feet from the east line (Unit B) of Section 10, T16S, R36E to an unorthodox subsurface location at the top of the Strawn formation within 100 foot radius of a point 1842 feet from the north line and 2213 feet from the east line (Unit G) of the Northeast Lovington Pennsylvanian Pool and to dedicate the well to a standard 80-acre oil spacing unit consisting of the S/2NE/4 of this section.
- (2) The special rules for the Northeast Lovington-Pennsylvanian Pool provide for 80-acre oil spacing with a standard location to be within 150 feet of the center of a quarter-quarter section.
- (3) Chesapeake has conducted a 3-D seismic geologic investigation and has concluded that the optimum subsurface location for a well in this spacing unit would be at the proposed unorthodox subsurface location in order to maximize structural attitude and stratigraphic growth over any standard location in this spacing unit.
- (4) The directional wellbore is necessitated by being within the City of Lovington and complying with the various topographical and regulatory limitation of this community.
- (5) The unorthodox subsurface location encroaches towards a spacing unit operated by Chesapeake for its Warehouse "10" Well No 1 located in the E/2NE/4 of Section 10. Because Chesapeake is the common operator, a copy of this application is being sent to all of the working interest owners in the adjoining spacing unit as set forth on Exhibit 6.

(6) Chesapeake proposes the following:

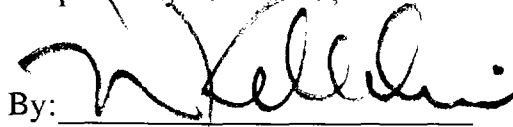
- (a) **Project Area:**
80-acre oil dedication
(S/2NE/4 Section 10)
- (b) **Producing Area & Producing Interval:**
being within an area at the top of the Strawn formation within
a standard 80-acre spacing unit;
- (c) **Subsurface location:**
within 100 foot radius of a point 1842 feet from the North
line and 2213 feet from the East line of this section.

(6) The following exhibits are attached:

- Exhibit 1: Area Locator Plat indicating spacing unit, surface and
subsurface well location, offset owners
- Exhibit 2: C-102
- Exhibit 3: APD
- Exhibit 4: Scientific Drilling International's vertical oriented plan view
and horizontal plan view and
3 pages of numerical tabulation of program.
- Exhibit 5: 3-D seismic displays of Strawn feature
- Exhibit 6: Notice list.

WHEREFORE, Applicant requests that this application be approved.

Respectfully submitted,



By: _____
W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

4

MANZANO
QUARRY '99

2

COI

COI

COI

CELP 76.42%
TLW 1.0%
CI 1.0%
TRAJAN 0.5%
NORTHPORT 3.68%
VESTIGE 1.0%

CHESAPEAKE
WAREHOUSE S.L.

MANZANO '92
BROWNFIELD 1-11

WAREHOUSE 1-10
(BHL)

COI 100%
WAREHOUSE 2-10
(BHL)

MANZANO '97
BIG BERTHA

9

11

MANZANO '96
'SV' CHIPSHOT

COI

COI

COI

COI

MANZANO '97
CHIPSHOT 'SV' 2

16S/36E

16

15

14

— Unit Outline



CHESAPEAKE OPERATING, INC.

Warehouse 2-10
Lea County, NM

Y=707333 X=804327 NMSPC EZ NAD 27	1196' 1842' 2463' 2213' 921.804'E (TRUE) SURFACE BOTTOM HOLE Y=706690 X=804585 NMSPC EZ NAD 27	OPERATOR CERTIFICATION <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> <i>Barbara J. Bale</i> Signature Barbara J. Bale Printed Name Regulatory Analyst Title 06/20/2000 Date
EXHIBIT 2		SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> MAY 26, 2000 Date Surveyed Signature & Seal of Professional Surveyor <i>Gary Eidson</i> 5/31/2000 00-11-0678 Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641 MACON McDONALD 12185

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesa, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address: Chesapeake Operating, Inc. P. O. Box 18496 Oklahoma City, OK 73154-0496		OGRID Number 147179
		API Number 30 - 0
Property Code	Property Name Warehouse 10	Well No. 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	10	16S	36E		1196	North	2463	East	Lea

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Proposed Pool 1 N.E. Lovington Penn					Proposed Pool 2				

Work Type Code N	Well Type Code O/G	Cable/Rotary Rotary	Lease Type Code P	Ground Level Elevation 3901'
Multiple No	Proposed Depth 12,033'	Formation Strawn	Contractor Patterson	Spud Date 09/01/2000

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	450'	495	Surface
12-1/4"	9-5/8"	40#	4850'	2464	Surface
7-7/8"	5-1/2"	17#	12,033'	1600	± 3900'

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Chesapeake proposes to drill to 12,033' T.D. in the Strawn formation with Patterson as the drilling contractor.

Patterson's BOP stack consists of 11" 5M# blind & pipe rams & 11" 5M# Annular.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Barbara J. Bale

Printed name:

Barbara J. Bale

Title:

Regulatory Analyst

Date:

06/20/2000

Phone:

(405) 848-8000

OIL CONSERVATION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐



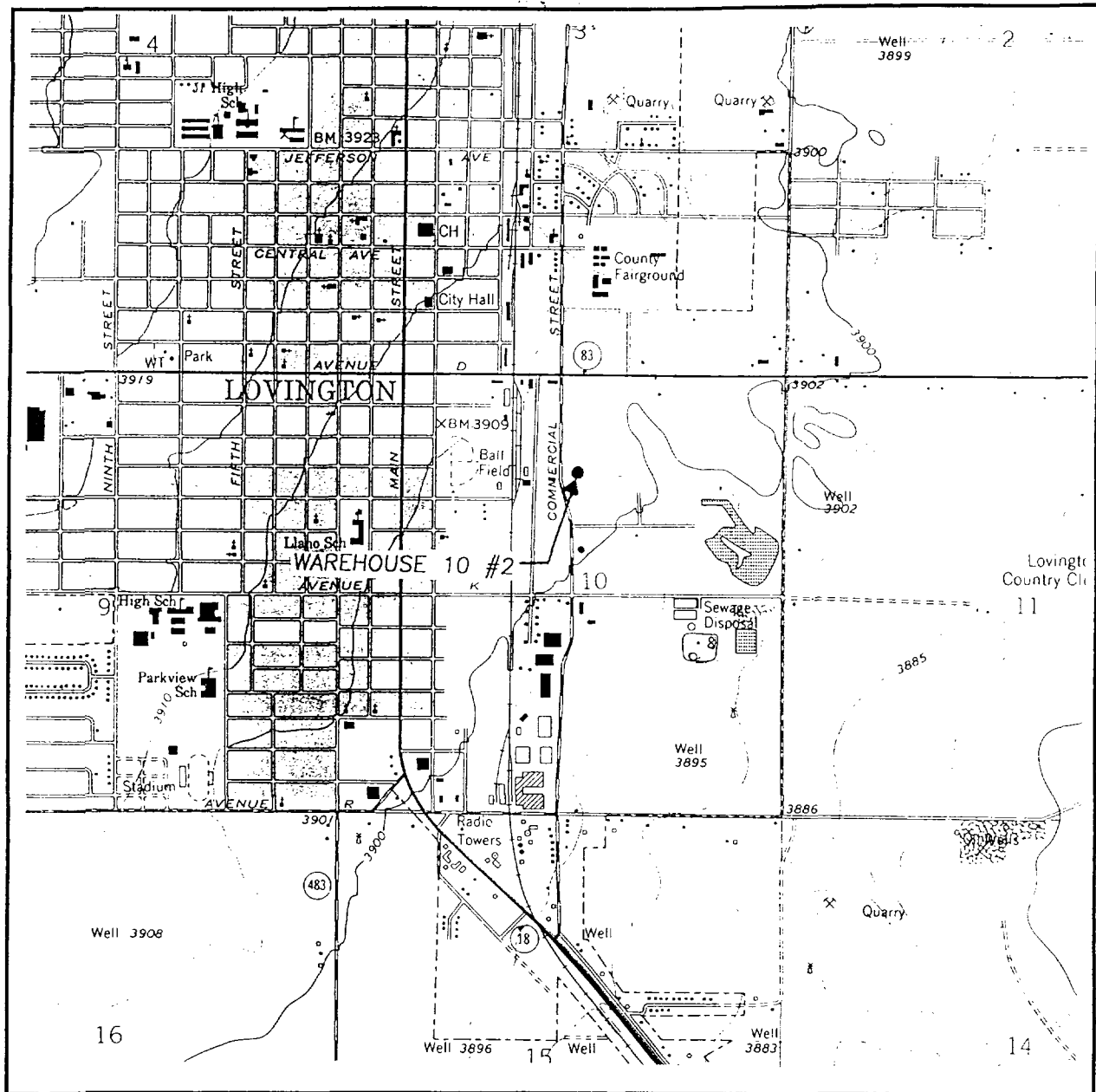
C-101 Instructions

Measurements and dimensions are to be in feet/inches. Well locations will refer to the New Mexico Principal Meridian.

IF THIS IS AN AMENDED REPORT CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

- | | | | |
|----------|--|----|--|
| 1 | Operator's OGRID number. If you do not have one it will be assigned and filled in by the District office. | 18 | Geologic formation at TD |
| 2 | Operator's name and address | 19 | Name of the intended drilling company if known. |
| 3 | API number of this well. If this is a new drill the OCD will assign the number and fill this in. | 20 | Anticipated spud date. |
| 4 | Property code. If this is a new property the OCD will assign the number and fill it in. | 21 | Proposed hole size ID inches, proposed casing OD inches, casing weight in pounds per foot, setting depth of the casing or depth and top of liner, proposed cementing volume, and estimated top of cement |
| 5 | Property name that used to be called 'well name' | 22 | Brief description of the proposed drilling program and BOP program. Attach additional sheets if necessary. |
| 6 | The number of this well on the property. | 23 | The signature, printed name, and title of the person authorized to make this report. The date this report was signed and the telephone number to call for questions about this report. |
| 7 | The surveyed location of this well New Mexico Principal Meridian NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OCD Unit Letter. | | |
| 8 | The proposed bottom hole location of this well at TD | | |
| 9 and 10 | The proposed pool(s) to which this well is being drilled. | | |
| 11 | Work type code from the following table:
N New well
E Re-entry
D Drill deeper
P Plugback
A Add a zone | | |
| 12 | Well type code from the following table:
O Single oil completion
G Single gas completion
M Multiple completion
I Injection well
S SWD well
W Water supply well
C Carbon dioxide well | | |
| 13 | Cable or rotary drilling code
C Propose to cable tool drill
R Propose to rotary drill | | |
| 14 | Lease type code from the following table:
F Federal
S State
P Private
N Navajo
J Jicarilla
U Ute
I Other Indian tribe | | |
| 15 | Ground level elevation above sea level | | |
| 16 | Intend to multiple complete? Yes or No | | |
| 17 | Proposed total depth of this well | | |

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LOVINGTON, N.M. - 5'

SEC. 10 TWP. 16-S RGE. 36-E

SURVEY _____ N.M.P.M. _____

COUNTY _____ LEA _____

DESCRIPTION 1196' FNL & 2463' FEL

ELEVATION _____ 3901 _____

OPERATOR CHESAPEAKE OPERATING, INC.

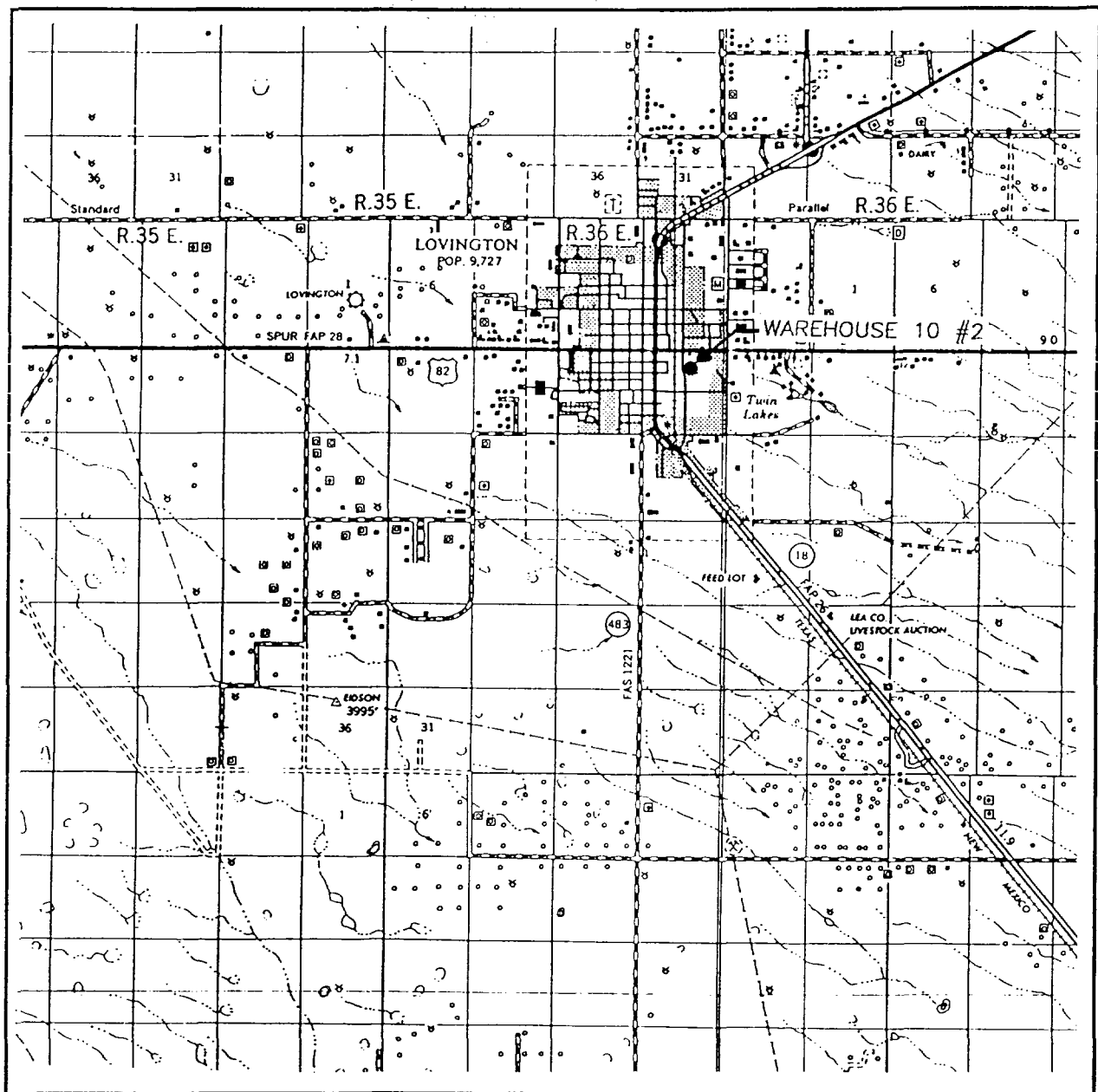
LEASE _____ WAREHOUSE 10 _____

U.S.G.S. TOPOGRAPHIC MAP

LOVINGTON, N.M. _____

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 10 TWP. 16-S RGE. 36-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1196' FNL & 2463' FEL

ELEVATION 3901

OPERATOR CHESAPEAKE OPERATING, INC.

LEASE WAREHOUSE 10

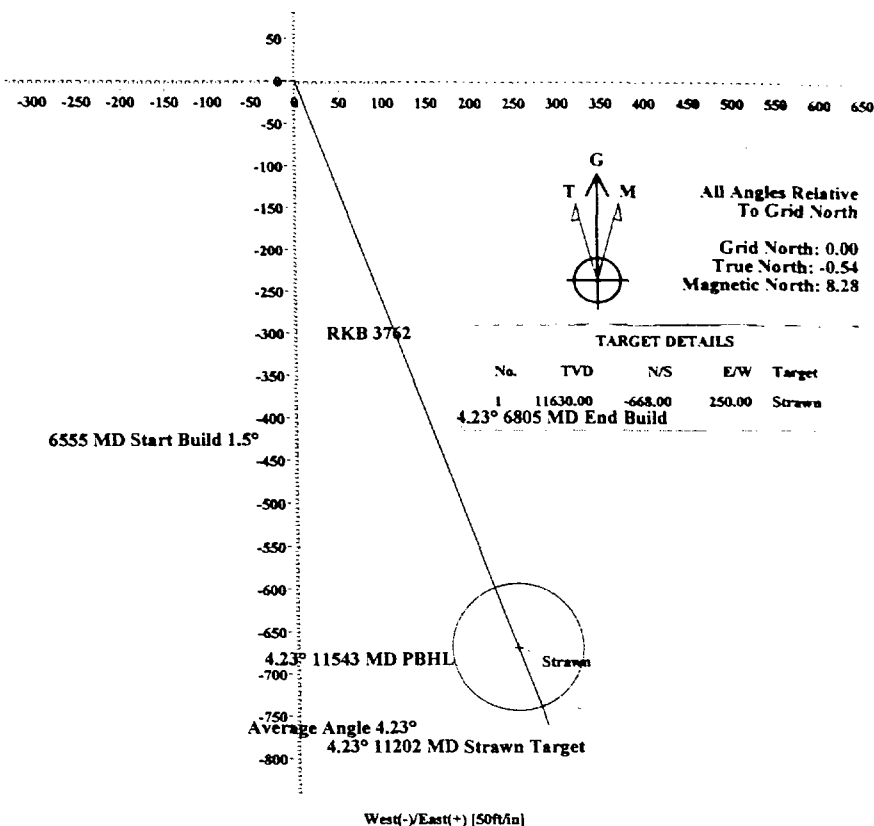
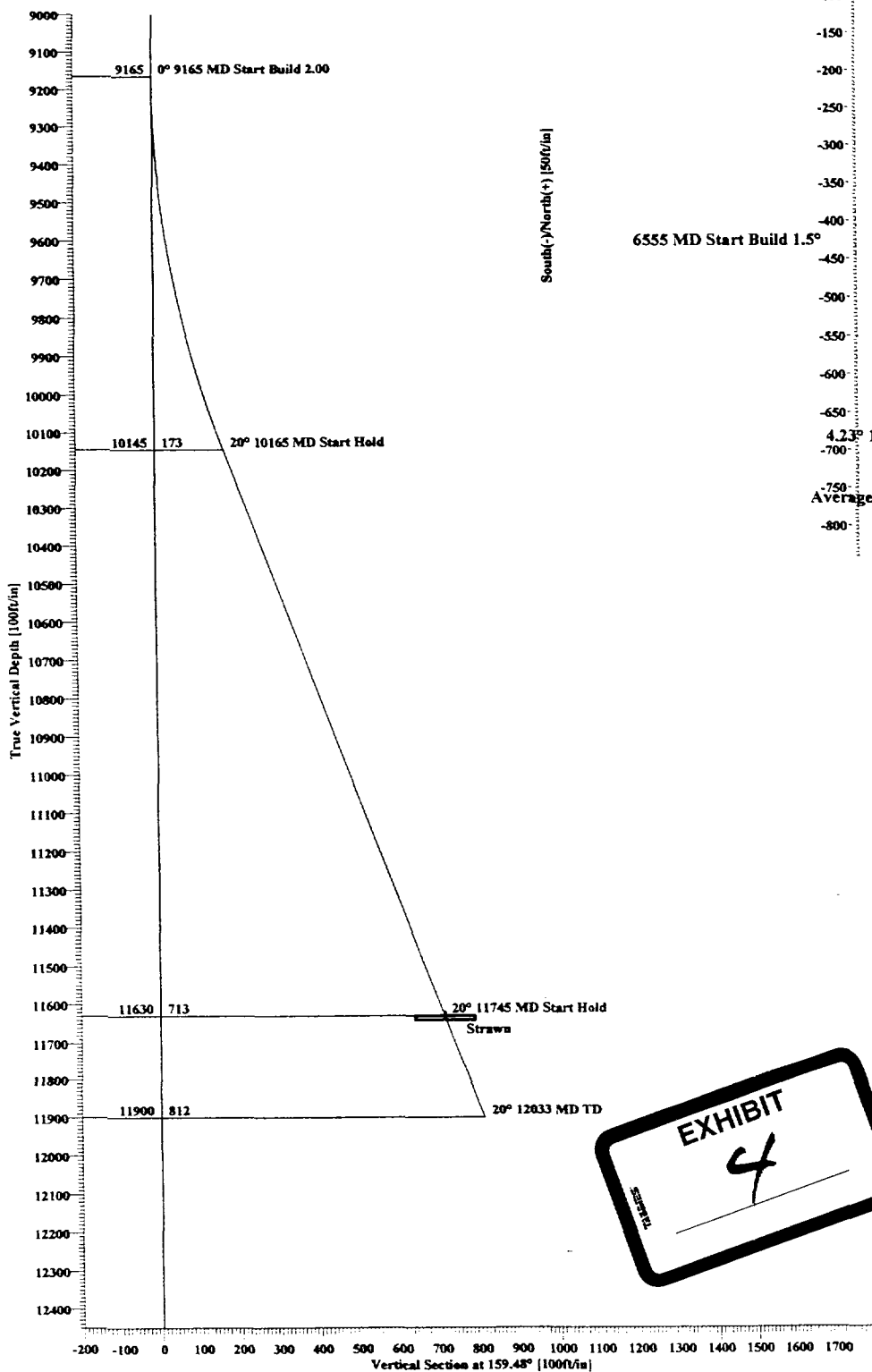
JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

Chesapeake Operating Inc.

Chesapeake 00 Warehouse 2-10
Lea County, New Mexico



Ryan Energy Technologies USA Inc.



TARGET DETAILS				
No.	TVD	N/S	E/W	Target
1	11630.00	-668.00	250.00	Strawn
4.23° 6805 MD End Build				

FORMATION TOP DETAILS			
No.	TVDPath	MDPath	Formation
1	4850.00	4850.00	San Andres
2	6438.00	6438.00	Glorieta
3	7006.00	7006.00	Paddock
4	7629.00	7629.00	Tubb
5	8338.00	8338.00	Albo
6	9750.00	9754.14	Walcamp
7	11094.00	11175.09	Cisco
8	11630.00	11745.49	Strawn
9	11744.00	11866.80	Atoka

FIELD DETAILS

Lea County
New Mexico
USA

Geodetic System: US State Plane Coordinate System 1927
Ellipsoid: Clarke - 1866
Zone: New Mexico, Eastern Zone
Magnetic Model: igr2000

System Datum: Mean Sea Level
Local North: Grid North

SITE DETAILS

Chesapeake 00 Warehouse 2-10
S/2 NE/4 Section 10-16S-36E
1172 FNL 2445 FEL

Site Centre Easting: 804585.00
Northing: 706690.00

Water Depth: 0.00
Positional Uncertainty: 0.00
Magnetic Declination: 8.82
Convergence: 0.54

WELLPATH DETAILS

OH

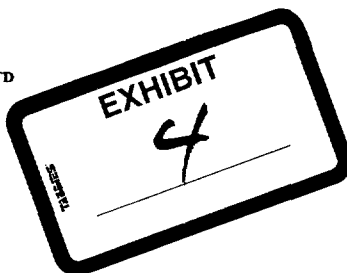
Vertical Section Origin: Slot - (0.00,0.00)
Vertical Section Angle: 159.48°

Rig:
Depth Reference: SITE 3925.00ft

Wellpath: (Chesapeake 00 Warehouse 2-10/OH)

Created By: Ryan Energy USA

Date: 6/15/2000



RyanUSA

Ryan Planning Report

Company: Chesapeake Operating Inc.		Date: 6/15/2000		Time: 17:08:26		Page: 1			
Field: Lea County		Co-ordinate(NE) Reference:		Well: Chesapeake 00 Warehouse 2-10					
Site: Chesapeake 00 Warehouse 2-10		Vertical (TVD) Reference:		SITE 3925.0 above Mean Sea Level					
Well: Chesapeake 00 Warehouse 2-10		Section (VS) Reference:		Well (0.0E,0.0N,159.5Azi)					
Wellpath: OH		Survey Calculation Method:		Minimum Curvature					
Plan: Plan #1		Date Composed:		6/15/2000					
		Version:		1					
Principal: Yes		Locked:		No					
Field: Lea County		Map System: US State Plane Coordinate System 1927		Map Zone:		New Mexico, Eastern Zone			
New Mexico		Ellipsoid: Clarke - 1866		North Reference:		Grid			
USA		Sys Datum: Mean Sea Level		Geomagnetic Model:		igrf2000			
Site: Chesapeake 00 Warehouse 2-10									
S/2 NE/4 Section 10-16S-36E									
1172 FNL 2445 FEL									
Site Position:		Northing:		706690.00 ft		Latitude: 32 56 19.742 N			
From: Map		Easting:		804585.00 ft		Longitude: 103 20 26.010 W			
Position Uncertainty: 0.00 ft						Magnetic Declination: 8.82 deg			
Water Depth: 0.00 ft						Grid Convergence: 0.54 deg			
Well: Chesapeake 00 Warehouse 2-10									
Lea County, New Mexico									
Well Position: +N/-S 0.00 ft		Northing:		706690.00 ft		Latitude: 32 56 19.742 N			
From Slot: +E/-W 0.00 ft		Easting :		804585.00 ft		Longitude: 103 20 26.010 W			
Position Uncertainty: 0.00 ft									
Wellpath: OH		Drilled From:		Surface					
Vertical Section: +N/-S 0.00 ft		Tie-on Depth:		ft					
From: Well +E/-W 0.00 ft		V.Section Direction:		159.48 deg					
Measured Depth Reference: SITE		3925.00 ft		Above System Datum:		Mean Sea Level			
Annotation									
MD		TVD							
Casing Points									
MD	TVD	Diameter	Name						
ft	ft	in							
450.00	450.00	13.375	13 3/8"						
4850.00	4850.00	9.625	9 5/8"						
Formations									
MD	TVD	Formations	Lithology	Dip Angle	Dip Direction				
ft	ft			deg	deg				
4850.00	4850.00	San Andres	UNKNOWN	0.00	0.00				
6438.00	6438.00	Glorieta	UNKNOWN	0.00	0.00				
7006.00	7006.00	Paddock	UNKNOWN	0.00	0.00				
7629.00	7629.00	Tubb	UNKNOWN	0.00	0.00				
8338.00	8338.00	Abo	UNKNOWN	0.00	0.00				
9754.14	9750.00	Wolfcamp	UNKNOWN	0.00	0.00				
11175.09	11094.00	Cisco	UNKNOWN	0.00	0.00				
11745.49	11630.00	Strawn	UNKNOWN	0.00	0.00				
11866.80	11744.00	Atoka	UNKNOWN	0.00	0.00				
Targets									
Name	Dip deg	Direction deg	TVD ft	+N/-S ft -	+E/-W ft	Map Unit Northing ft	Map Unit Easting ft	<--- Latitude ---> Deg Min Sec	<--- Longitude ---> Deg Min Sec
Strawn			11630.00	-668.00	250.00	706022.00	804835.00	32 56 13.109 N	103 20 23.151 W
-Circle (Radius: 75)									
-Plan hit target									

RyanUSA

Ryan Planning Report

Company: Chesapeake Operating Inc.	Date: 6/15/2000	Time: 17:08:26	Page: 2
Field: Lea County	Co-ordinate(NE) Reference:	Well: Chesapeake 00 Warehouse 2-10	
Site: Chesapeake 00 Warehouse 2-10	Vertical (TVD) Reference:	SITE 3925.0 above Mean Sea Level	
Well: Chesapeake 00 Warehouse 2-10	Section (VS) Reference:	Well (0.0E,0.0N,159.5Azi)	
Wellpath: OH	Survey Calculation Method:	Minimum Curvature	

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	159.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*Strawn
9165.23	0.00	159.48	9165.23	0.00	0.00	0.00	0.00	0.00	0.00	*Strawn
10165.23	20.00	159.48	10145.04	-161.81	60.56	2.00	2.00	0.00	159.48	*Strawn
11745.49	20.00	159.48	11630.00	-668.00	250.00	0.00	0.00	0.00	0.00	*Strawn
12032.81	20.00	159.48	11900.00	-760.04	284.45	0.00	0.00	0.00	0.00	*Strawn

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	ClsD ft	ClsA deg	DLS deg/100ft	
9100.00	0.00	159.48	9100.00	0.00	0.00	0.00	0.00	0.00	0.00	
9165.23	0.00	159.48	9165.23	0.00	0.00	0.00	0.00	0.00	0.00	
9200.00	0.70	159.48	9200.00	-0.20	0.07	0.21	0.21	159.48	2.00	
9300.00	2.70	159.48	9299.95	-2.97	1.11	3.17	3.17	159.48	2.00	
9400.00	4.70	159.48	9399.74	-9.00	3.37	9.61	9.61	159.48	2.00	
9500.00	6.70	159.48	9499.24	-18.30	6.85	19.54	19.54	159.48	2.00	
9600.00	8.70	159.48	9598.33	-30.84	11.54	32.93	32.93	159.48	2.00	
9700.00	10.70	159.48	9696.90	-46.61	17.44	49.77	49.77	159.48	2.00	
9754.14	11.78	159.48	9750.00	-56.49	21.14	60.32	60.32	159.48	2.00	Wolfcamp
9800.00	12.70	159.48	9794.82	-65.60	24.55	70.04	70.04	159.48	2.00	
9900.00	14.70	159.48	9891.97	-87.77	32.85	93.71	93.71	159.48	2.00	
10000.00	16.70	159.48	9988.24	-113.10	42.33	120.76	120.76	159.48	2.00	
10100.00	18.70	159.48	10083.50	-141.57	52.98	151.16	151.16	159.48	2.00	
10165.23	20.00	159.48	10145.04	-161.81	60.56	172.77	172.77	159.48	2.00	
10200.00	20.00	159.48	10177.72	-172.95	64.73	184.66	184.66	159.48	0.00	
10300.00	20.00	159.48	10271.69	-204.98	76.71	218.86	218.86	159.48	0.00	
10400.00	20.00	159.48	10365.66	-237.01	88.70	253.07	253.07	159.48	0.00	
10500.00	20.00	159.48	10459.63	-269.04	100.69	287.27	287.27	159.48	0.00	
10600.00	20.00	159.48	10553.60	-301.08	112.68	321.47	321.47	159.48	0.00	
10700.00	20.00	159.48	10647.56	-333.11	124.67	355.67	355.67	159.48	0.00	
10800.00	20.00	159.48	10741.53	-365.14	136.65	389.87	389.87	159.48	0.00	
10900.00	20.00	159.48	10835.50	-397.17	148.64	424.08	424.08	159.48	0.00	
11000.00	20.00	159.48	10929.47	-429.20	160.63	458.28	458.28	159.48	0.00	
11100.00	20.00	159.48	11023.44	-461.24	172.62	492.48	492.48	159.48	0.00	
11175.09	20.00	159.48	11094.00	-485.29	181.62	518.16	518.16	159.48	0.00	Cisco
11200.00	20.00	159.48	11117.41	-493.27	184.61	526.68	526.68	159.48	0.00	
11300.00	20.00	159.48	11211.38	-525.30	196.59	560.88	560.88	159.48	0.00	
11400.00	20.00	159.48	11305.35	-557.33	208.58	595.09	595.09	159.48	0.00	
11500.00	20.00	159.48	11399.32	-589.37	220.57	629.29	629.29	159.48	0.00	
11600.00	20.00	159.48	11493.29	-621.40	232.56	663.49	663.49	159.48	0.00	
11700.00	20.00	159.48	11587.26	-653.43	244.55	697.69	697.69	159.48	0.00	
11745.49	20.00	159.48	11630.00	-668.00	250.00	713.25	713.25	159.48	0.00	Strawn
11800.00	20.00	159.48	11681.23	-685.46	256.54	731.89	731.89	159.48	0.00	
11866.80	20.00	159.48	11744.00	-706.86	264.54	754.74	754.74	159.48	0.00	Atoka
11900.00	20.00	159.48	11775.20	-717.49	268.52	766.10	766.10	159.48	0.00	
12000.00	20.00	159.48	11869.17	-749.53	280.51	800.30	800.30	159.48	0.00	
12032.81	20.00	159.48	11900.00	-760.04	284.45	811.52	811.52	159.48	0.00	

4

3 MANZANO
QUARRY '99

2

COI

COI

COI

CELP 76.42%
TLW 1.0%
CI 1.0%
TRAJAN 0.5%
NORTHPORT 3.68%
VESTIGE 1.0%

COI

COI

CHESAPEAKE
WAREHOUSE S.L.MANZANO '92
BROWNFIELD 1-11WAREHOUSE 1-10
(BHL)

BAHLBURG 2.87%
DALCO 2.46%
BANDERA 2.7334%
MAGNOLIA 2.7334%
LAMB 2.7334%

100%

LINE 224

MANZANO '97
BIG BERTHA

9

11

COI

COI

COI

COI

MANZANO '96
'SV' CHIPSHOTMANZANO '97
CHIPSHOT 'SV' 2

16S/36E

16

15

14

— Unit Outline



CHESAPEAKE OPERATING, INC.

Warehouse 2-10
Strawn Isopach (C.I. = 20')
Lea County, NM

Chris A. Hancock

1" = 1000'

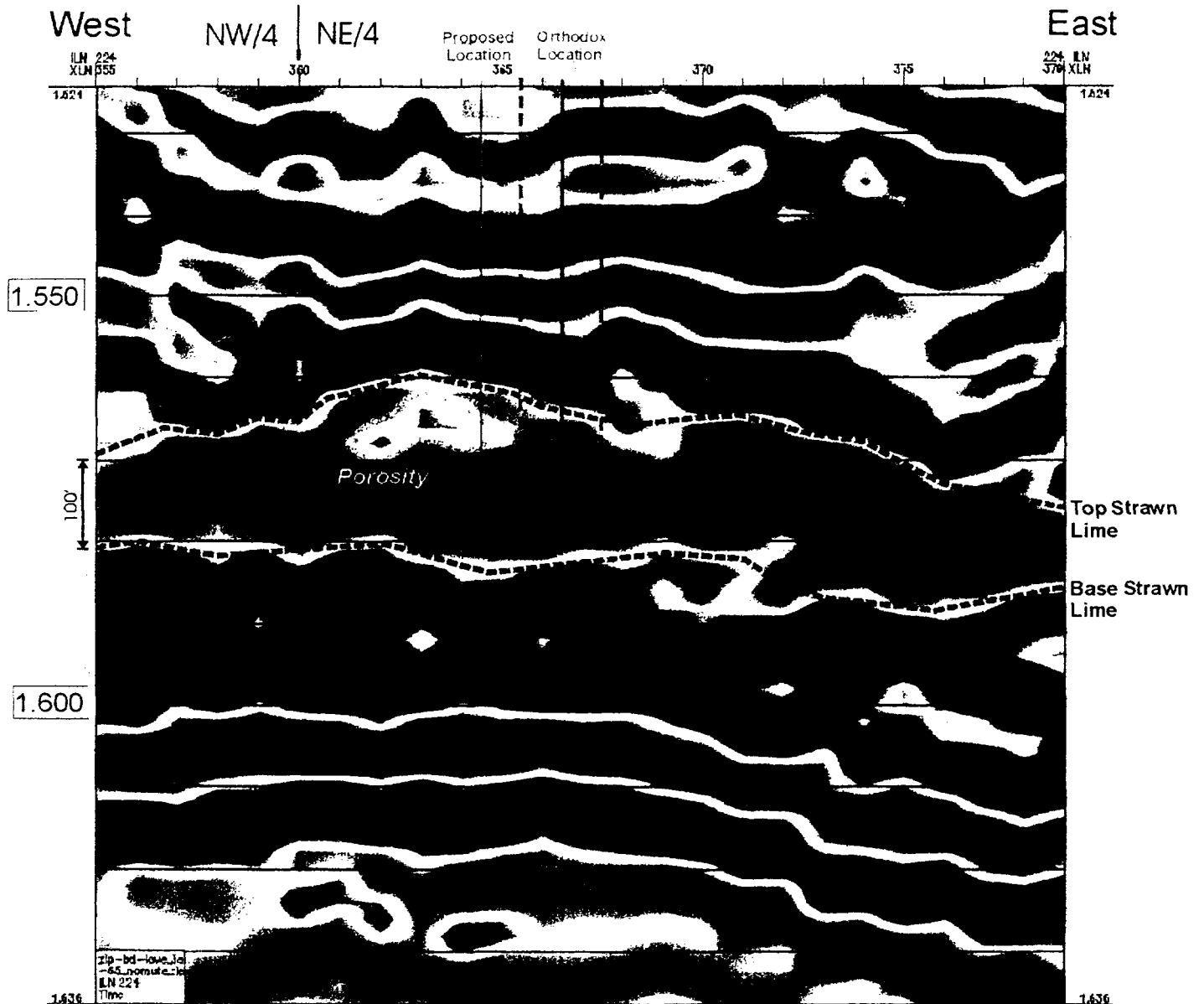
Lynda Townsend

Robert A. Helmer IV

9/21/2000

Randy Gossoway

LINE 224



CHESAPEAKE OPERATING, INC.

Warehouse 2-10
Lea County, NM

Cliff A. Hanoch

Lynda Townsend

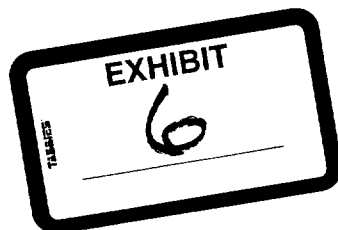
Robert A. Hefner IV

6/21/2000

Randy Gasaway



PROPERTY #	PROPERTY NAME	DOI HO/YR DESCRIPTION	OWNER #	SEQ	OWNER NAME	INTEREST	TYPE	LAST CHANGE
812222-	WAREHOUSE 1-10	M1 01/00						
			501068		TIM INVESTMENTS INC P O BOX 54323 OKLAHOMA CITY OK 73154-1523	.01690000	1-MOR	2/22/99
			501217		TELAN DEVELOPMENT CO P O BOX 16607 OKLAHOMA CITY OK 73113	.00500000	1-MOR	2/22/99
			501218		NORTHPORT PROTECTION CO 2601 NW EXPRESSWAY STE 902E OKLAHOMA CITY OK 73112-7208	.03680000	1-MOR	2/22/99
			501601		VESTIGE INC DEA VESTIGE ENERGIES P O BOX 54316 OKLAHOMA CITY OK 73154	.01000000	1-MOR	2/22/99
			501870		BAHLBURG EXPLORATION, INC P O BOX 866937 PLANO TX 75086-6937	.02870000	1-MOR	2/22/99
			501892		DALCO PETROLEUM, L.L.C. PO BOX 1904 LOVINGTON NM 88260-1904	.02460000	1-MOR	2/22/99
			502657		BAUDELLA MINERALS TIT LLC P O BOX 701228 TOLSA OK 74170-1228	.02733334	1-MOR	2/09/00
			605000		CHESSAPEAKE INVESTMENTS AN OKLAHOMA LTD ETRSHIP P O BOX 18496 OKLAHOMA CITY OK 73154	.01000000	1-MOR	2/22/99
			605637		CHESSAPEAKE EXPLORATION LP P O BOX 18496 OKLAHOMA CITY OK 73154	.76420000	1-MOR	2/22/99
			624602		MAGNOLIA ROYALTY CO INC P O BOX 10703 MIDLAND TX 79702	.02733333	1-MOR	2/22/99
			633880		GARY J LAMB INC P O BOX 3383 MIDLAND TX 79702	.02733333	1-MOR	2/22/99



KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

June 23, 2000

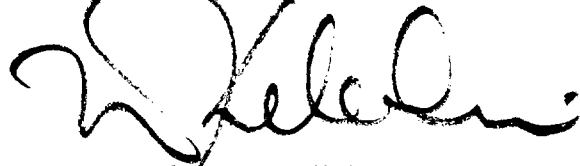
CERTIFIED MAIL-RETURN RECEIPT REQUESTED

NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION
DIVISION ADMINISTRATIVE CASE:

***Re: Administrative Application of Chesapeake
Operating, Inc. for an unorthodox subsurface
location, Lea County, New Mexico.***

On behalf of Chesapeake Operating, Inc., please find enclosed our a copy of its referenced administrative application. Should you have any objection to the Division approving this application, then it will be necessary for you to file a written objection with the New Mexico Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505 within twenty (20) days of the date of this letter.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin