BEFORE THE
OIL CONSERVATION DIVISION
Case No.12482 Exhibit No. 6
Submitted By:
Chesapeake Inc.
Hearing Date: September 7, 2000

Chesapeake Operating, Inc.

Engineering/Operations summary
Exhibit ______

1. Ocean Energy — Carlisle State Com 1Y — Townsend Morrow
   DOFS: 7/98 — Morrow perfs: 12,068'-12,120'
   Cum production 11/99: 1,293 MMCF, and 13.4 MBO
   Decline curve EUR: 1,705 MMCF, and 18.6 MBO
   No pressure data reported

2. Yates Petroleum — Brunson AQK State 1 — N. Shoe Bar Atoka
   DOFS: 10/97 — Brunson perfs: 11,992'-12,006'
   Cum production 11/99: 410 MMCF, and 9.8 MBO
   Decline curve EUR: 638 MMCF, and 14.4 MBO
   BHP test 11/97: 3,745 psig @ 12,006' MD

3. Yates Petroleum — Big Flat ASN State Com 1 — Wildcat Atoka
   DOFS: 9/98 — Brunson perfs: 11,892'-11,903'
   Cum production 11/99: 731 MMCF, and 13.6 MBO
   Decline curve EUR: 2,037 MMCF, and 27.1 MBO
   BHP test 9/98: 3,280 psig @ 11,897' MD

4. Chesapeake — Boyce 1-15 — N. Shoe Bar Atoka
   DOFS: 4/2000 — U. Atoka perfs: 11,523'-11,671' OA
   Cum production 9/2000: 261.9 MMCF, and 5.7 MBO
   Decline curve EUR: 1,660 MMCF, and 25 MBO
   BHP estimate (SICP of 2,850 psi): 3,800 psig

5. Chesapeake — Boyce 3-15 — Townsend Morrow
   DOFS: 8/2000 — Morrow perfs: 11,770'-11,780'
   Cum production 9/2000: 3.1 MMCF, and 251 BO
   Decline curve EUR: 50 MMCF, and 4.8 MBO
   BHP estimate (SITP 3,500 psi): 4,500 psig zone is tight
   Brunson interval est BHP from drilling: 5,750 psig
   **Volumetrics suggest Brunson interval between 11,658'-11,678' may contain as much as 2 BCF of recoverable reserves.

6. Arrington — Mayfly 1-14 — Townsend Morrow
   DOFS: 11/99 — Morrow perfs: 12,040'-12,047'
   Morrow cum production 5/2000: 187 MMCF, and 5.0 MBO
   Morrow BHP: 2,580 psi BHPBU test
   5/2000: PB and test Brunson 11,884'-11,907'
   Brunson cum production, 9/2000: 265 MMCF, and 6.1 MBO
   Decline curve EUR: 1,650 MMCF, and 30 MBO

7. Mark Shidler Monsanto State 1 Townsend Morrow
DOFS: 3/75 Morrow perfs: 11,849'-11,869'
Cum production 11/99: 3,998 MMCF, and 90 MBO
Decline curve EUR: 5,334 MMCF, and 111 MBO
Initial BHP (state test): 2,600 psia estimate from surface shut-in pressure

8. Yates Petroleum Runnells ASP #2 Wildcat Atoka
DOFS: 10/98 Brunson perfs: 12,008-12,025'
Cum production 11/99: 760 MMCF, and 15.2 MBO
Decline curve EUR: 1,180 MMCF, and 28 MBO
BHP test 12/98: 2,511 psig @ 11,600'

9. Yates Petroleum Shell Lusk ANB Com Wildcat Atoka
DOFS: 11/97 Brunson perfs: 12,029'-12,051'
Cum production 11/99: 895 MMCF, and 18.0 MBO
Decline curve EUR: 1,454 MMCF, and 33 MBO
BHP test 12/97: 3,015 psig @ 11,920' MD

Average "Type" Morrow/Atoka ultimate recoveries:

1,475 MMCF, and 23 MBO (eliminating the low and high wells)

Economic model of a Morrow/Atoka "Type" well, based on a $ 1.1 MM drilling and completion costs.

Project Life: 7.4 years, Project pay-out: 6 months
ROI: 3.92:1, ROR: > 100%
NPV(10): $2.722 MM

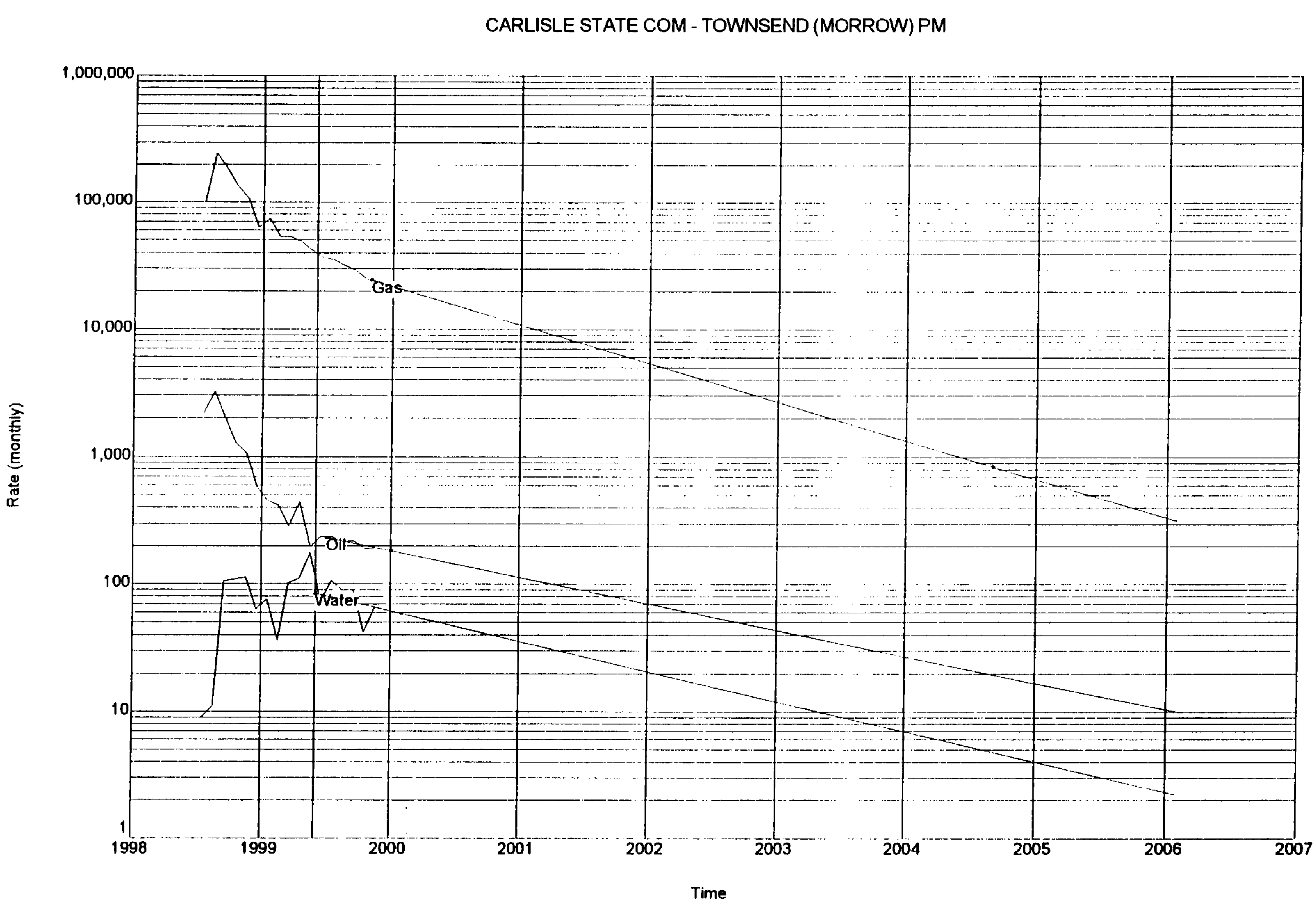
Rate/Time Graph

Project: \\samson\users\RGasaway\ihsapps\PROJECTnm.MDB

Date: 9/5/2000
Time: 8:58 AM

Lease Name: CARLISLE STATE COM (1Y)
County, ST: LEA, NM
Location: 16S-35E-10

Field Name: TOWNSEND (MORROW) PM
Operator: OCEAN ENERGY INC



Annual CashFlow Report

Date: 9/5/2000
Time: 9:12 AM

Project: \\samson\users\RGasaway\ihsapps\PROJECTnm.MDB

Lease Name:	CARLISLE STATE COM (1Y)	Field Name:	TOWNSEND (MORROW) PM		
County, ST:	LEA, NM	Operator:	OCEAN ENERGY INC	Location:	16S-35E-10

Date	Well Count	Gross Production Oil (Bbl)	Gross Production Gas (Mcf)	Net Production Oil (Bbl)	Net Production Gas (Mcf)	Average Prices Oil ($/Bbl)	Average Prices Gas ($/Mcf)	Sales Total ($)
12/99	1	1,479	202,746	1,183	162,197	25.00	3.74	635,789
12/00	1	1,749	186,178	1,399	148,943	25.00	3.74	591,648
12/01	1	1,086	92,813	869	74,251	25.00	3.74	299,232
12/02	1	674	46,269	540	37,015	25.00	3.74	151,833
12/03	1	419	23,066	335	18,453	25.00	3.74	77,344
12/04	1	260	11,499	208	9,199	25.00	3.74	39,584
12/05	1	162	5,732	129	4,586	25.00	3.74	20,370
02/06	1	20	624	16	499	25.00	3.74	2,271
Grand Total:		5,849	568,928	4,679	455,143	25.00	3.74	1,818,072

Date	Operating Expenses ($)	Taxes ($)	Operating Income ($)	Other Costs ($)	Periodic Cash Flow ($)	Cumulative Cash Flow ($)	10.00 % Cash Flow ($)
12/99	7,000	47,805	580,984	0	580,984	580,984	564,466
12/00	12,000	44,453	535,195	0	535,195	1,116,179	483,591
12/01	12,000	22,464	264,768	0	264,768	1,380,947	217,511
12/02	12,000	11,388	128,446	0	128,446	1,509,393	95,949
12/03	12,000	5,794	59,550	0	59,550	1,568,943	40,461
12/04	12,000	2,961	24,622	0	24,622	1,593,565	15,231
12/05	12,000	1,521	6,849	0	6,849	1,600,414	3,876
02/06	2,000	169	101	0	101	1,600,515	53
Grand Total:	81,000	136,556	1,600,515	0	1,600,515	1,600,515	1,421,139

Discounted Values:

0 %	1,600,515	40 %	1,100,124	80 %	886,109
10 %	1,421,138	50 %	1,032,196	90 %	850,130
20 %	1,287,102	60 %	975,521	100 %	818,496
30 %	1,183,154	70 %	927,450		

Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	18,001	1,681,313
Cumulative Gross	13,444	1,292,957
Remaining Gross	5,849	568,929
Remaining Net	4,679	455,143

Economic Dates:

Effective Date	06/1999
Calculated Limit	02/2006
Economic Life	81 Months
	6 Years 9 Months
Net Payout Date:	06/1999
Rate of Return:	>100 %
Return on Investment:	0.00

Initial Division of Interest:

			NRI	ORI
WI:	100.000000	Oil:	80.000000	0.000000
		Gas:	80.000000	0.000000
Reversion Date:	None	Injection:	0.000000	0.000000

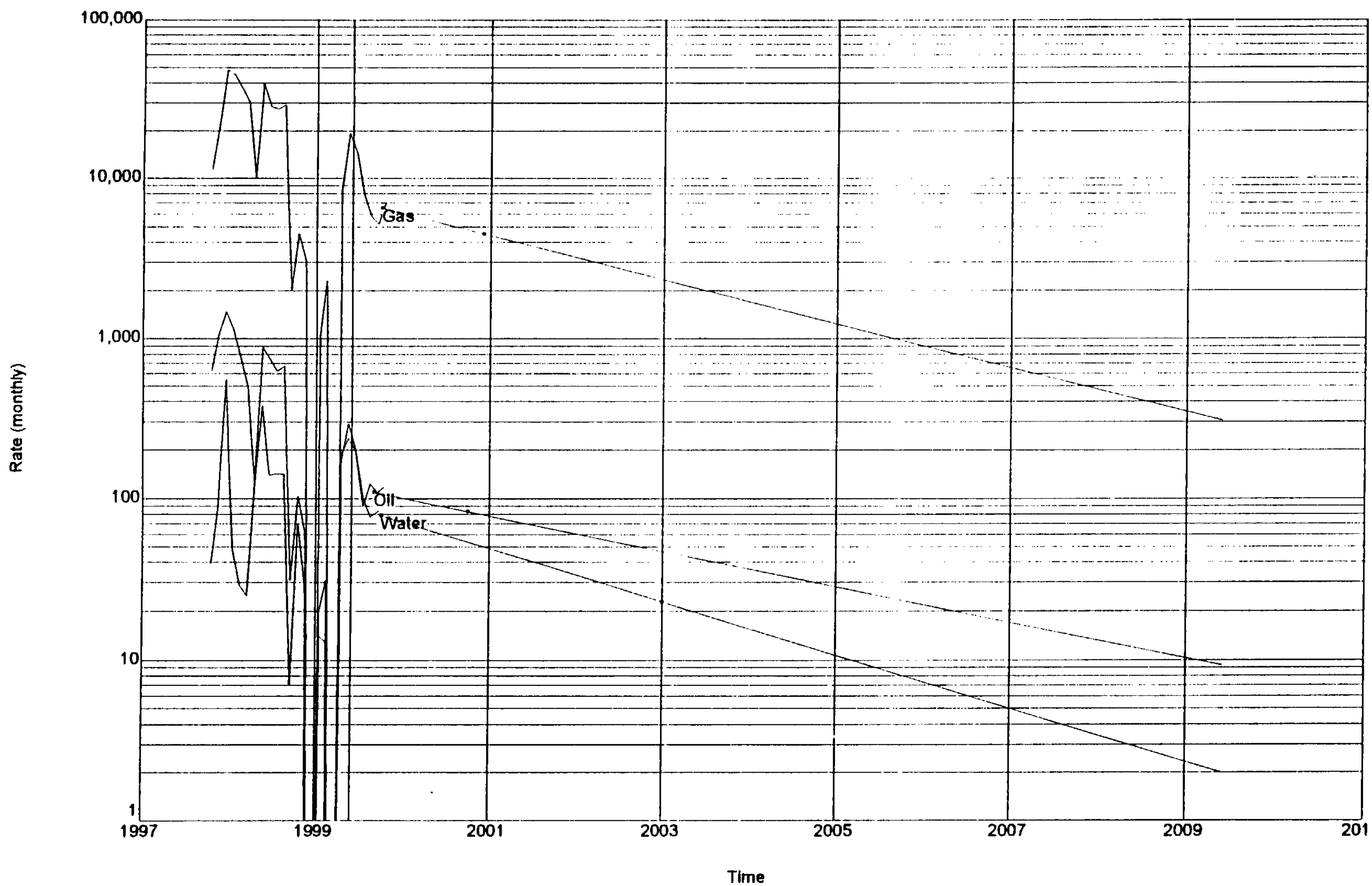
Rate/Time Graph

Project: \\samson\users\RGasaway\ihsapps\PROJECTnm.MDB

Date: 9/5/2000
Time: 9:18 AM

Lease Name:	BRUNSON AQK STATE COM (1)	Field Name:	WILDCAT (ATOKA)
County, ST:	LEA, NM	Operator:	YATES PETROLEUM CORP
Location:	16S-35E-10		

BRUNSON AQK STATE COM - WILDCAT (ATOKA)



Annual CashFlow Report

Date: 9/5/2000
Time: 9:18 AM

Project: \\samson\users\RGasaway\ihsapps\PROJECTnm.MDB

Lease Name: BRUNSON AQK STATE COM (1) | Field Name: WILDCAT (ATOKA)
County, ST: LEA, NM | Operator: YATES PETROLEUM CORP | Location: 16S-35E-10

Date	Well Count	Gross Production Oil (Bbl)	Gross Production Gas (Mcf)	Net Production Oil (Bbl)	Net Production Gas (Mcf)	Average Prices Oil ($/Bbl)	Average Prices Gas ($/Mcf)	Sales Total ($)
12/99	1	752	52,875	602	42,300	25.00	3.74	173,144
12/00	1	1,061	61,909	849	49,527	25.00	3.74	206,331
12/01	1	825	44,999	660	36,000	25.00	3.74	151,045
12/02	1	641	32,708	513	26,167	25.00	3.74	110,621
12/03	1	498	23,775	399	19,020	25.00	3.74	81,053
12/04	1	387	17,281	310	13,825	25.00	3.74	59,417
12/05	1	301	12,561	241	10,049	25.00	3.74	43,579
12/06	1	234	9,130	187	7,304	25.00	3.74	31,980
12/07	1	182	6,636	146	5,309	25.00	3.74	23,481
12/08	1	141	4,824	113	3,859	25.00	3.74	17,251
Remainder:		49	1,598	39	1,278	25.00	3.74	5,761
Grand Total:		5,073	268,296	4,058	214,637	25.00	3.74	903,662

Date	Operating Expenses ($)	Taxes ($)	Operating Income ($)	Other Costs ($)	Periodic Cash Flow ($)	Cumulative Cash Flow ($)	10.00 % Cash Flow ($)
12/99	7,000	12,987	153,157	0	153,157	153,157	149,019
12/00	12,000	15,462	178,869	0	178,869	332,026	161,165
12/01	12,000	11,315	127,730	0	127,730	459,756	104,631
12/02	12,000	8,283	90,338	0	90,338	550,094	67,280
12/03	12,000	6,067	62,986	0	62,986	613,080	42,651
12/04	12,000	4,445	42,972	0	42,972	656,052	26,459
12/05	12,000	3,259	28,320	0	28,320	684,372	15,857
12/06	12,000	2,390	17,589	0	17,589	701,962	8,959
12/07	12,000	1,754	9,727	0	9,727	711,688	4,510
12/08	12,000	1,288	3,963	0	3,963	715,651	1,678
Remainder:	5,000	430	331	0	331	715,982	130
Grand Total:	120,000	67,680	715,982	0	715,982	715,982	582,339

Discounted Values:

0 %	715,982	40 %	388,720	80 %	286,859
10 %	582,339	50 %	354,293	90 %	271,524
20 %	494,867	60 %	327,104	100 %	258,425
30 %	433,707	70 %	305,078		

Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	14,372	637,760
Cumulative Gross	9,847	409,962
Remaining Gross	5,073	268,296
Remaining Net	4,058	214,637

Economic Dates:

Effective Date	06/1999
Calculated Limit	05/2009
Economic Life	120 Months
	10 Years 0 Months
Net Payout Date:	06/1999
Rate of Return:	>100 %
Return on Investment:	0.00

Initial Division of Interest:

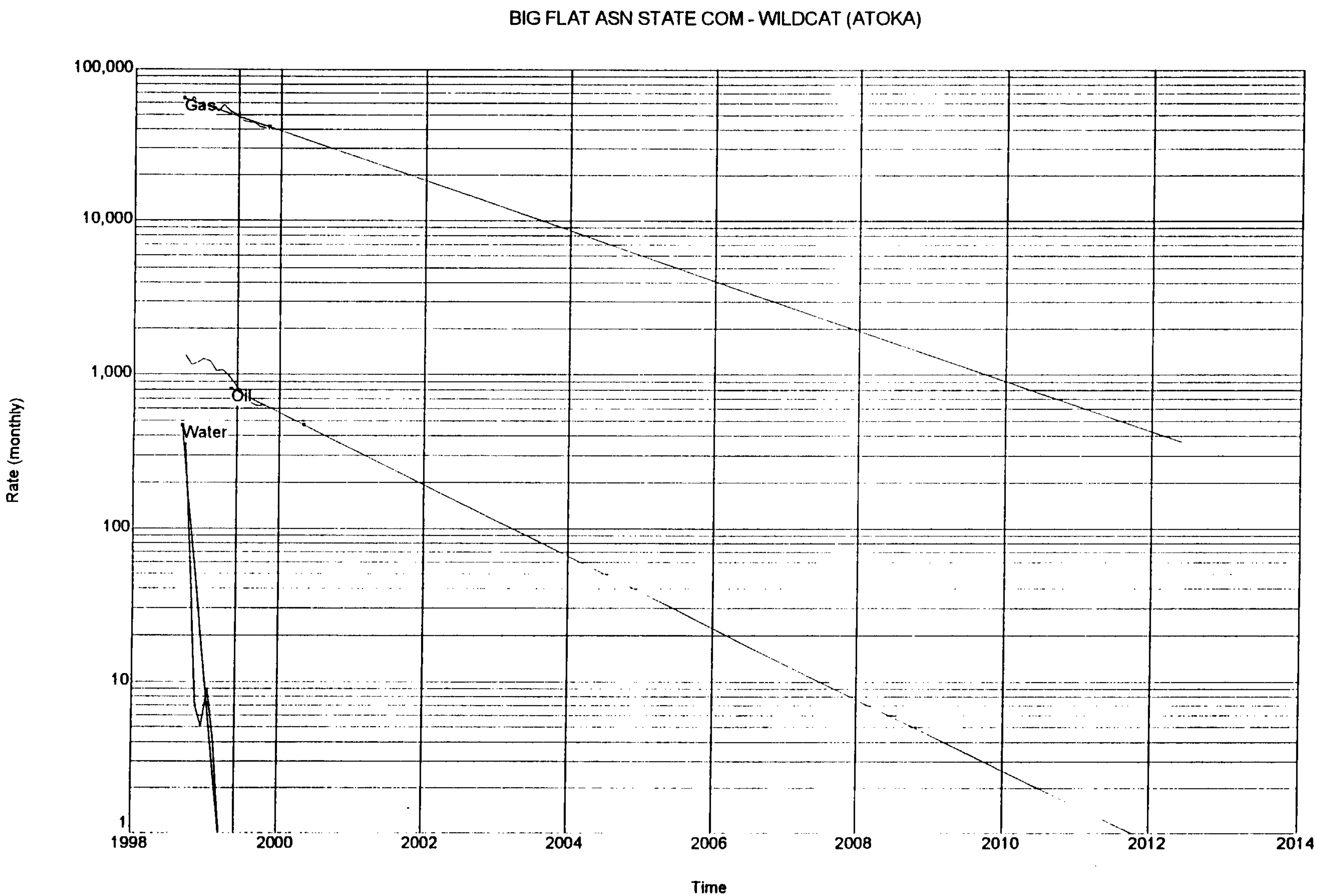
			NRI	ORI
WI:	100.000000	Oil:	80.000000	0.000000
		Gas:	80.000000	0.000000
Reversion Date:	None	Injection:	0.000000	0.000000

Rate/Time Graph

Project: \\samson\users\RGasaway\ihsapps\PROJECTnm.MDB

Date: 9/5/2000
Time: 9:32 AM

Lease Name:	BIG FLAT ASN STATE COM (1)	Field Name:	WILDCAT (ATOKA)
County, ST:	LEA, NM	Operator:	YATES PETROLEUM CORP
Location:	16S-35E-10		



Annual CashFlow Report

Date: 9/5/2000
Time: 9:32 AM

Project: \\samson\users\RGasaway\ihsapps\PROJECTnm.MDB

Lease Name:	BIG FLAT ASN STATE COM (1)	Field Name:	WILDCAT (ATOKA)		
County, ST:	LEA, NM	Operator:	YATES PETROLEUM CORP	Location:	16S-35E-10

Date	Well Count	Gross Production Oil (Bbl)	Gross Production Gas (Mcf)	Net Production Oil (Bbl)	Net Production Gas (Mcf)	Average Prices Oil ($/Bbl)	Average Prices Gas ($/Mcf)	Sales Total ($)
12/99	1	4,579	297,419	3,663	237,935	25.00	3.74	980,867
12/00	1	5,217	388,174	4,174	310,540	25.00	3.74	1,264,982
12/01	1	3,022	266,418	2,418	213,134	25.00	3.74	857,037
12/02	1	1,751	182,852	1,401	146,281	25.00	3.74	581,747
12/03	1	1,014	125,498	812	100,398	25.00	3.74	395,526
12/04	1	588	86,133	470	68,907	25.00	3.74	269,293
12/05	1	340	59,116	272	47,293	25.00	3.74	183,567
12/06	1	197	40,574	158	32,459	25.00	3.74	125,260
12/07	1	114	27,847	91	22,278	25.00	3.74	85,548
12/08	1	66	19,112	53	15,290	25.00	3.74	58,470
Remainder:		77	30,262	62	24,210	25.00	3.74	92,025
Grand Total:		16,967	1,523,405	13,574	1,218,724	25.00	3.74	4,894,324

Date	Operating Expenses ($)	Taxes ($)	Operating Income ($)	Other Costs ($)	Periodic Cash Flow ($)	Cumulative Cash Flow ($)	10.00 % Cash Flow ($)
12/99	7,000	73,545	900,322	0	900,322	900,322	873,062
12/00	12,000	94,910	1,158,072	0	1,158,072	2,058,394	1,043,947
12/01	12,000	64,349	780,689	0	780,689	2,839,083	639,775
12/02	12,000	43,706	526,041	0	526,041	3,365,124	391,904
12/03	12,000	29,731	353,795	0	353,795	3,718,918	239,623
12/04	12,000	20,252	237,041	0	237,041	3,955,959	145,957
12/05	12,000	13,810	157,757	0	157,757	4,113,716	88,314
12/06	12,000	9,427	103,833	0	103,833	4,217,549	52,848
12/07	12,000	6,440	67,108	0	67,108	4,284,657	31,057
12/08	12,000	4,403	42,068	0	42,068	4,326,725	17,704
Remainder:	41,000	6,932	44,093	0	44,093	4,370,818	16,035
Grand Total:	156,000	367,505	4,370,818	0	4,370,818	4,370,818	3,540,226

Discounted Values:

0 %	4,370,820	40 %	2,359,144	80 %	1,735,262
10 %	3,540,226	50 %	2,149,185	90 %	1,640,414
20 %	3,005,074	60 %	1,982,821	100 %	1,559,143
30 %	2,632,877	70 %	1,847,557		

Economics Summary:

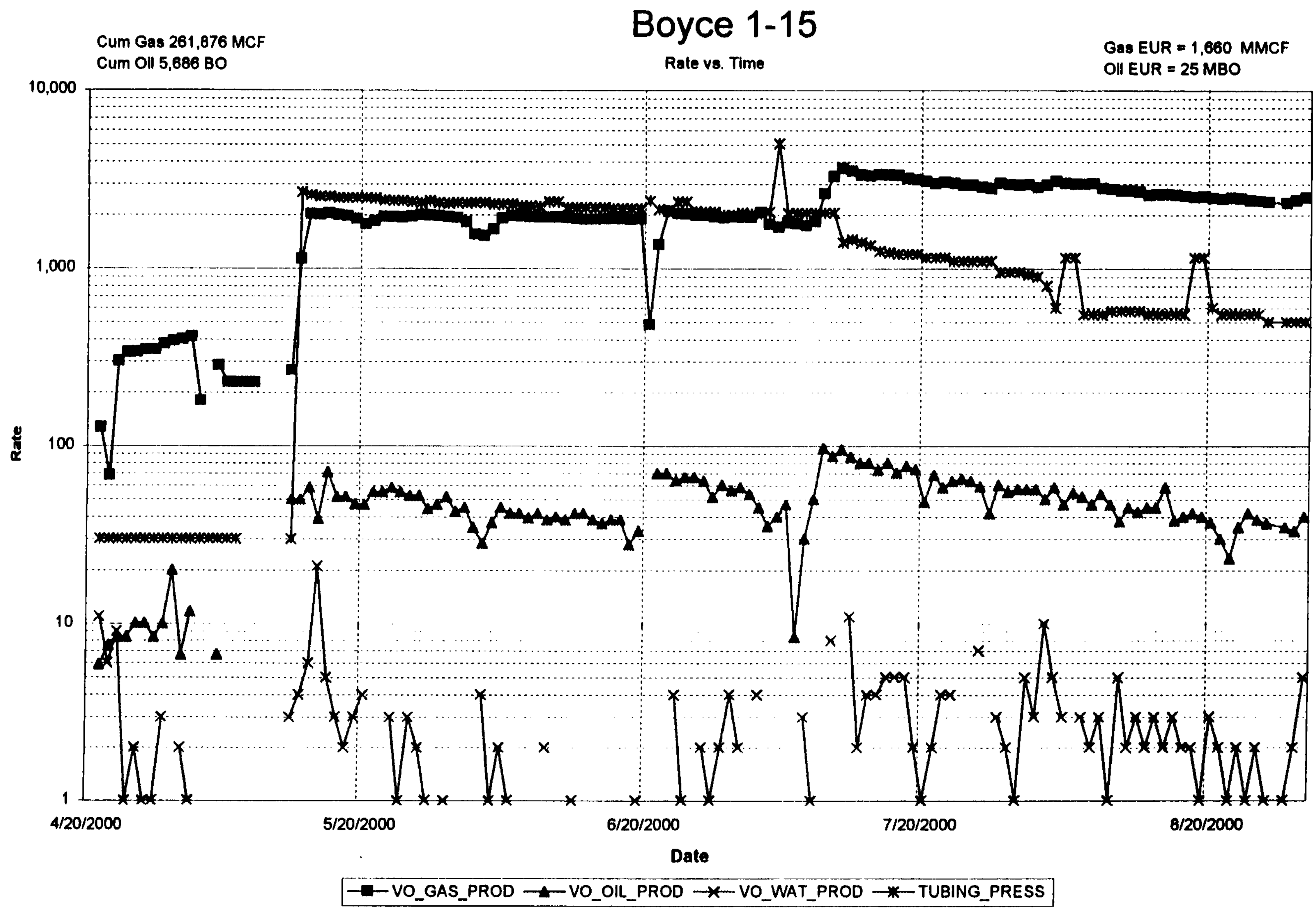
	Bbl Oil	Mcf Gas
Ultimate Gross	27,142	2,036,688
Cumulative Gross	13,573	730,582
Remaining Gross	16,967	1,523,405
Remaining Net	13,574	1,218,724

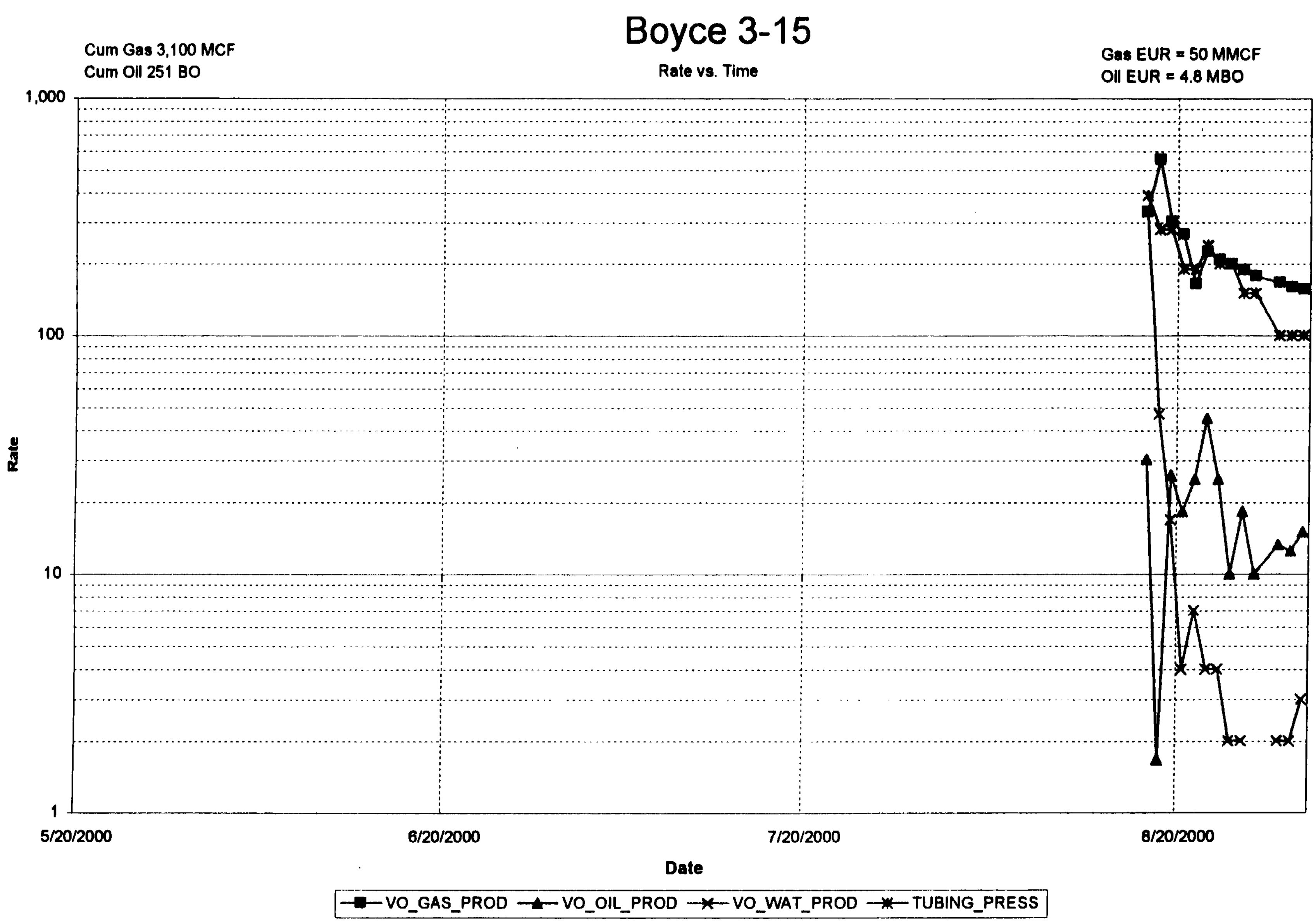
Economic Dates:

Effective Date	06/1999
Calculated Limit	05/2012
Economic Life	156 Months
	13 Years 0 Months
Net Payout Date:	06/1999
Rate of Return:	>100 %
Return on Investment:	0.00

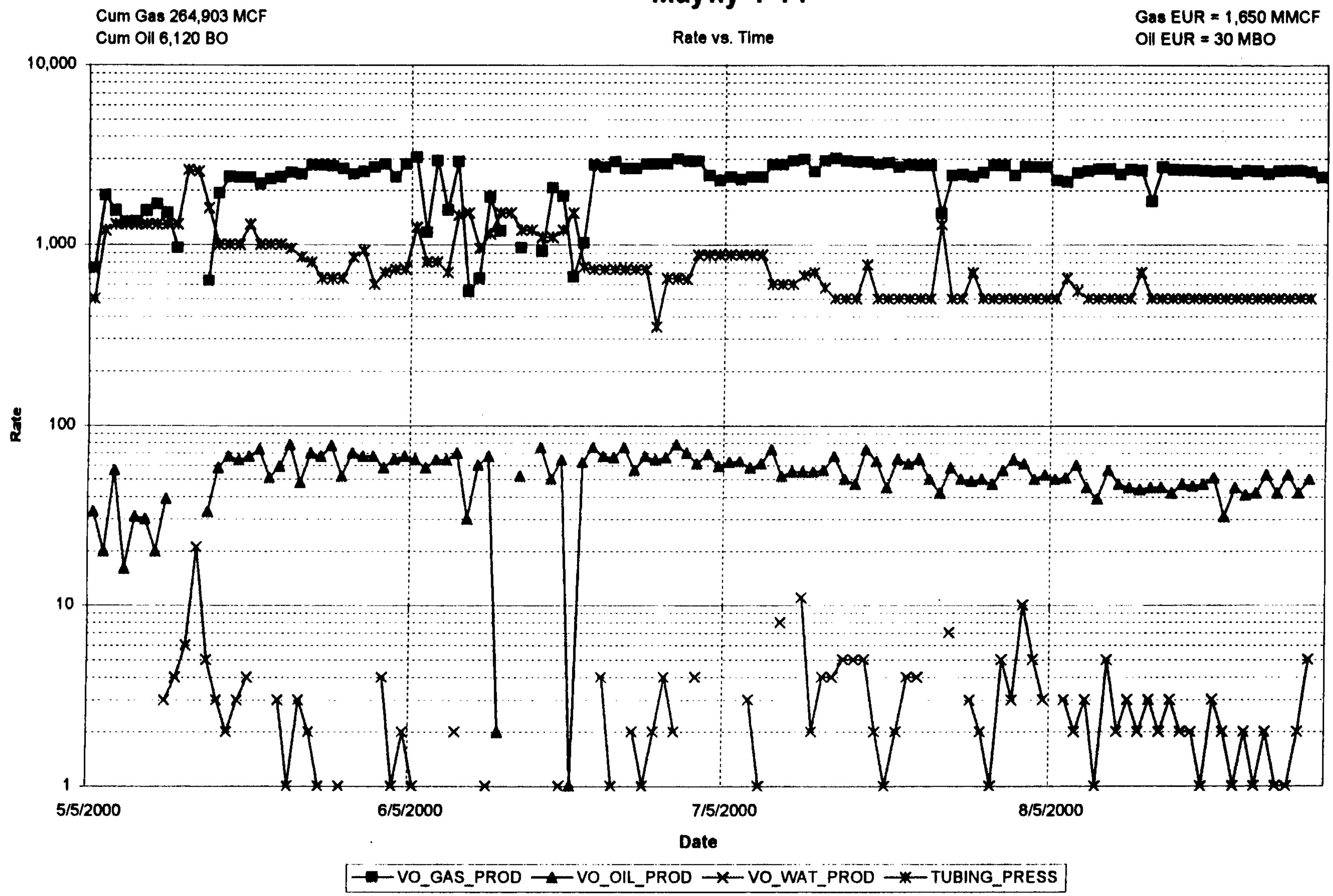
Initial Division of Interest:

			NRI	ORI
WI:	100.000000	Oil:	80.000000	0.000000
		Gas:	80.000000	0.000000
Reversion Date:	None	Injection:	0.000000	0.000000


Boyce 1-15
Rate vs. Time
Cum Gas 261,876 MCF
Cum Oil 5,686 BO
Gas EUR = 1,660 MMCF
Oil EUR = 25 MBO
10,000
1,000
100
10
1
Rate
4/20/2000
5/20/2000
6/20/2000
7/20/2000
8/20/2000
Date
VO_GAS_PROD
VO_OIL_PROD
VO_WAT_PROD
TUBING_PRESS


Boyce 3-15
Rate vs. Time
Cum Gas 3,100 MCF
Cum Oil 251 BO
Gas EUR = 50 MMCF
Oil EUR = 4.8 MBO
1,000
100
10
1
Rate
5/20/2000
6/20/2000
7/20/2000
8/20/2000
Date
VO_GAS_PROD
VO_OIL_PROD
VO_WAT_PROD
TUBING_PRESS

Mayfly 1-14



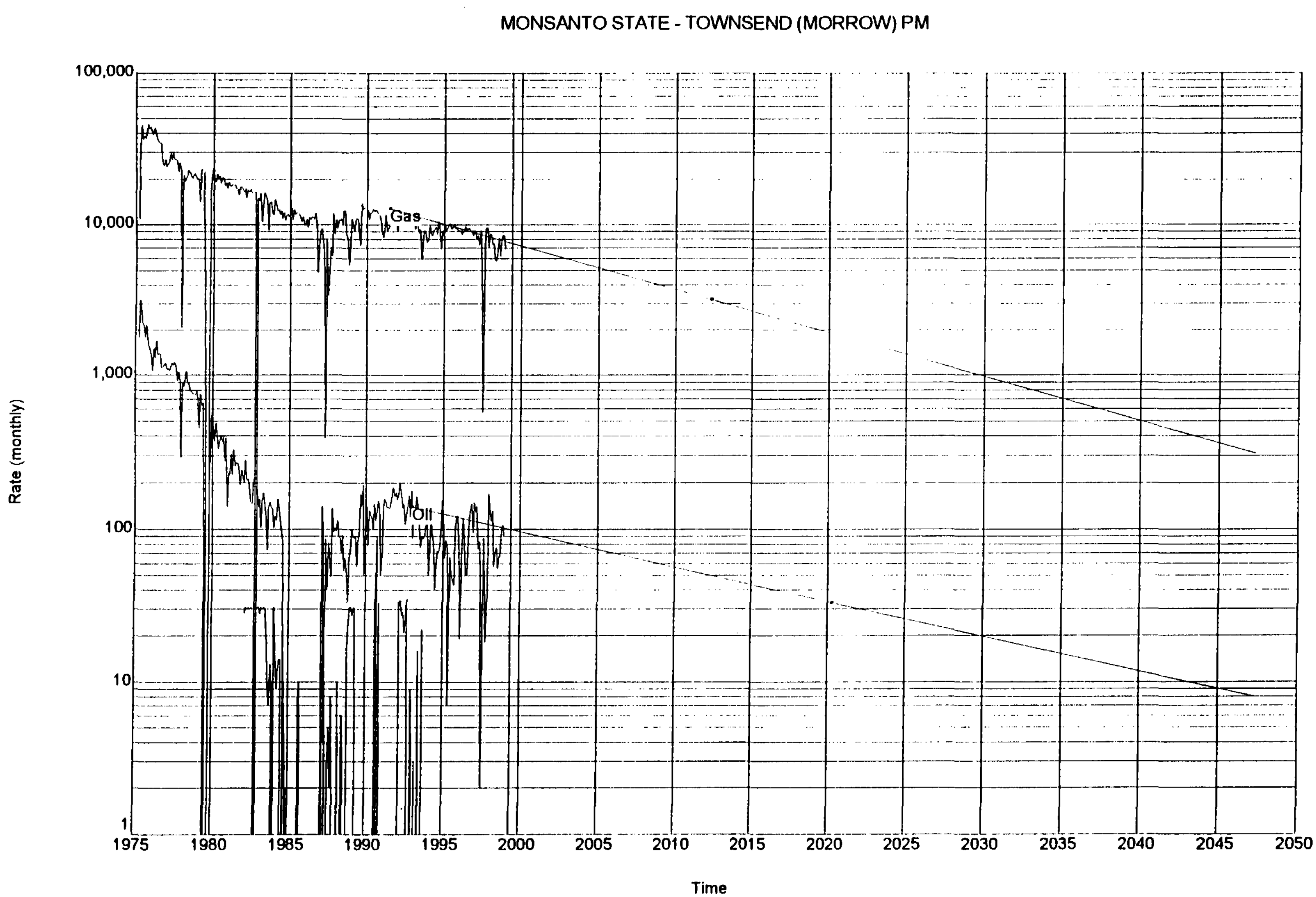
Cum Gas 264,903 MCF
Cum Oil 6,120 BO
Rate vs. Time
Gas EUR = 1,650 MMCF
Oil EUR = 30 MBO
10,000
1,000
100
10
1
Rate
5/5/2000
6/5/2000
7/5/2000
8/5/2000
Date
VO_GAS_PROD
VO_OIL_PROD
VO_WAT_PROD
TUBING_PRESS

Rate/Time Graph

Project: \\samson\users\RGasaway\ihsapps\PROJECTnm.MDB

Date: 9/6/2000
Time: 7:21 AM

Lease Name:	MONSANTO STATE (1)	Field Name:	TOWNSEND (MORROW) PM
County, ST:	LEA, NM	Operator:	SHIDLER MARK L INC
Location:	16S-35E-14		



Annual CashFlow Report

Date: 9/6/2000
Time: 7:20 AM

Project: \\samson\users\RGasaway\ihsapps\PROJECTnm.MDB

Lease Name: MONSANTO STATE (1)
County, ST: LEA, NM
Field Name: TOWNSEND (MORROW) PM
Operator: SHIDLER MARK L INC
Location: 16S-35E-14

Date	Well Count	Gross Production Oil (Bbl)	Gross Production Gas (Mcf)	Net Production Oil (Bbl)	Net Production Gas (Mcf)	Average Prices Oil ($/Bbl)	Average Prices Gas ($/Mcf)	Sales Total ($)
12/99	1	685	51,638	548	41,310	25.00	3.74	168,096
12/00	1	1,126	83,980	901	67,184	25.00	3.74	273,623
12/01	1	1,068	78,561	855	62,849	25.00	3.74	256,264
12/02	1	1,013	73,493	811	58,794	25.00	3.74	240,009
12/03	1	961	68,751	769	55,001	25.00	3.74	224,789
12/04	1	912	64,315	729	51,452	25.00	3.74	210,537
12/05	1	865	60,165	692	48,132	25.00	3.74	197,191
12/06	1	820	56,284	656	45,027	25.00	3.74	184,695
12/07	1	778	52,652	623	42,122	25.00	3.74	172,993
12/08	1	738	49,255	590	39,404	25.00	3.74	162,035
Remainder:		11,813	658,760	9,450	527,008	25.00	3.74	2,205,954
Grand Total:		20,780	1,297,854	16,624	1,038,283	25.00	3.74	4,296,186

Date	Operating Expenses ($)	Taxes ($)	Operating Income ($)	Other Costs ($)	Periodic Cash Flow ($)	Cumulative Cash Flow ($)	10.00 % Cash Flow ($)
12/99	7,000	12,613	148,484	0	148,484	148,484	143,885
12/00	12,000	20,530	241,094	0	241,094	389,577	216,779
12/01	12,000	19,226	225,038	0	225,038	614,615	183,948
12/02	12,000	18,005	210,004	0	210,004	824,618	156,054
12/03	12,000	16,863	195,926	0	195,926	1,020,544	132,358
12/04	12,000	15,792	182,744	0	182,744	1,203,289	112,230
12/05	12,000	14,790	170,401	0	170,401	1,373,690	95,136
12/06	12,000	13,852	158,843	0	158,843	1,532,532	80,621
12/07	12,000	12,974	148,019	0	148,019	1,680,552	68,298
12/08	12,000	12,151	137,884	0	137,884	1,818,436	57,838
Remainder:	460,000	165,266	1,580,687	0	1,580,687	3,399,123	311,019
Grand Total:	575,000	322,062	3,399,123	0	3,399,123	3,399,123	1,558,166

Discounted Values:

0 %	3,399,125	40 %	631,200	80 %	385,799
10 %	1,558,168	50 %	538,006	90 %	355,657
20 %	1,022,603	60 %	472,374	100 %	331,012
30 %	774,296	70 %	423,571		

Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	110,884	5,334,127
Cumulative Gross	89,602	3,998,139
Remaining Gross	20,780	1,297,854
Remaining Net	16,624	1,038,284

Economic Dates:

Effective Date	06/1999
Calculated Limit	04/2047
Economic Life	575 Months
	47 Years 11 Months
Net Payout Date:	06/1999
Rate of Return:	>100 %
Return on Investment:	0.00

Initial Division of Interest:

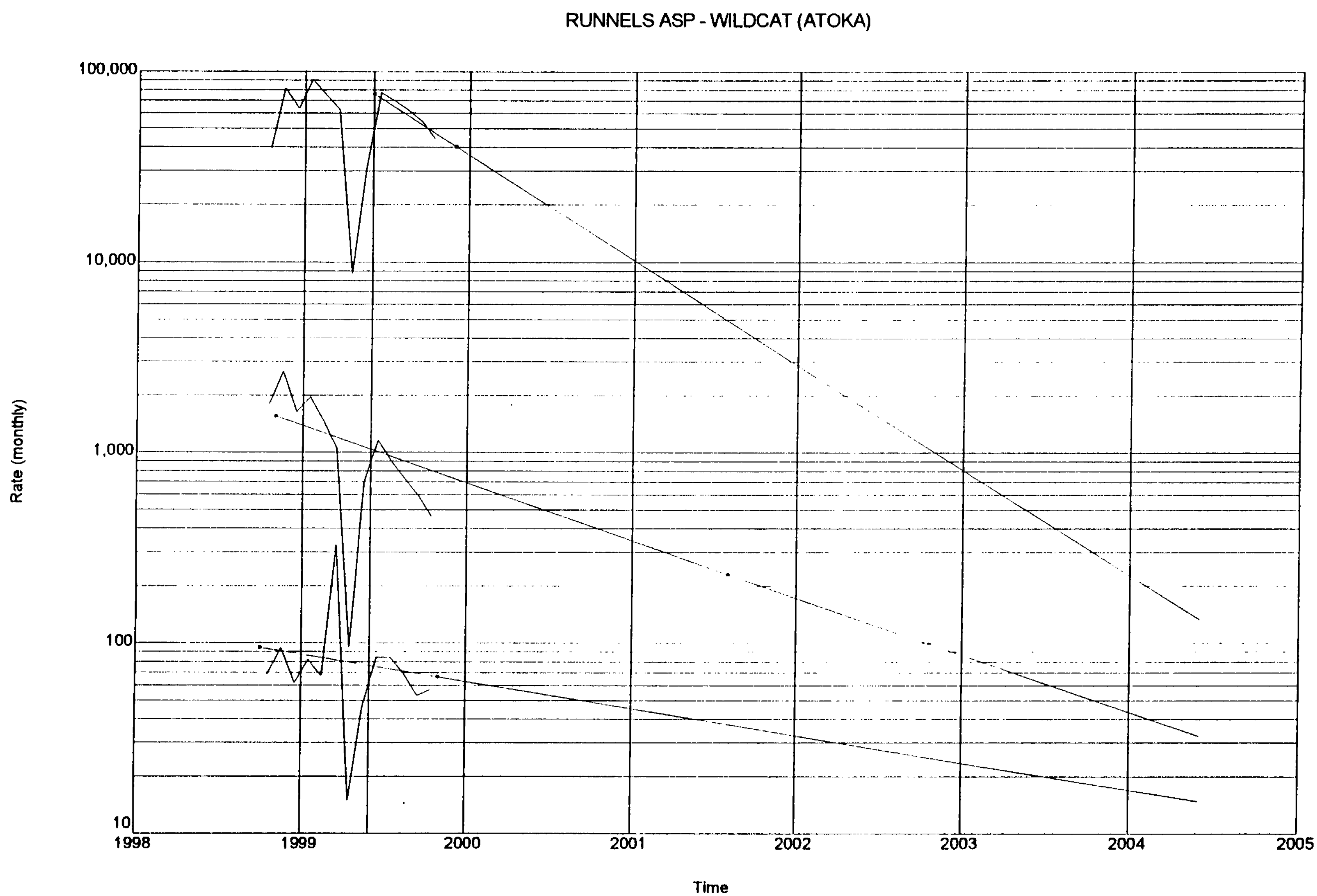
			NRI	ORI
WI:	100.000000	Oil:	80.000000	0.000000
		Gas:	80.000000	0.000000
Reversion Date:	None	Injection:	0.000000	0.000000

Rate/Time Graph

Project: \\samson\users\RGasaway\ihsapps\PROJECTnm.MDB

Date: 9/5/2000
Time: 12:56 PM

Lease Name:	RUNNELS ASP (2)	Field Name:	WILDCAT (ATOKA)
County, ST:	LEA, NM	Operator:	YATES PETROLEUM CORP
Location:	16S-35E-11		



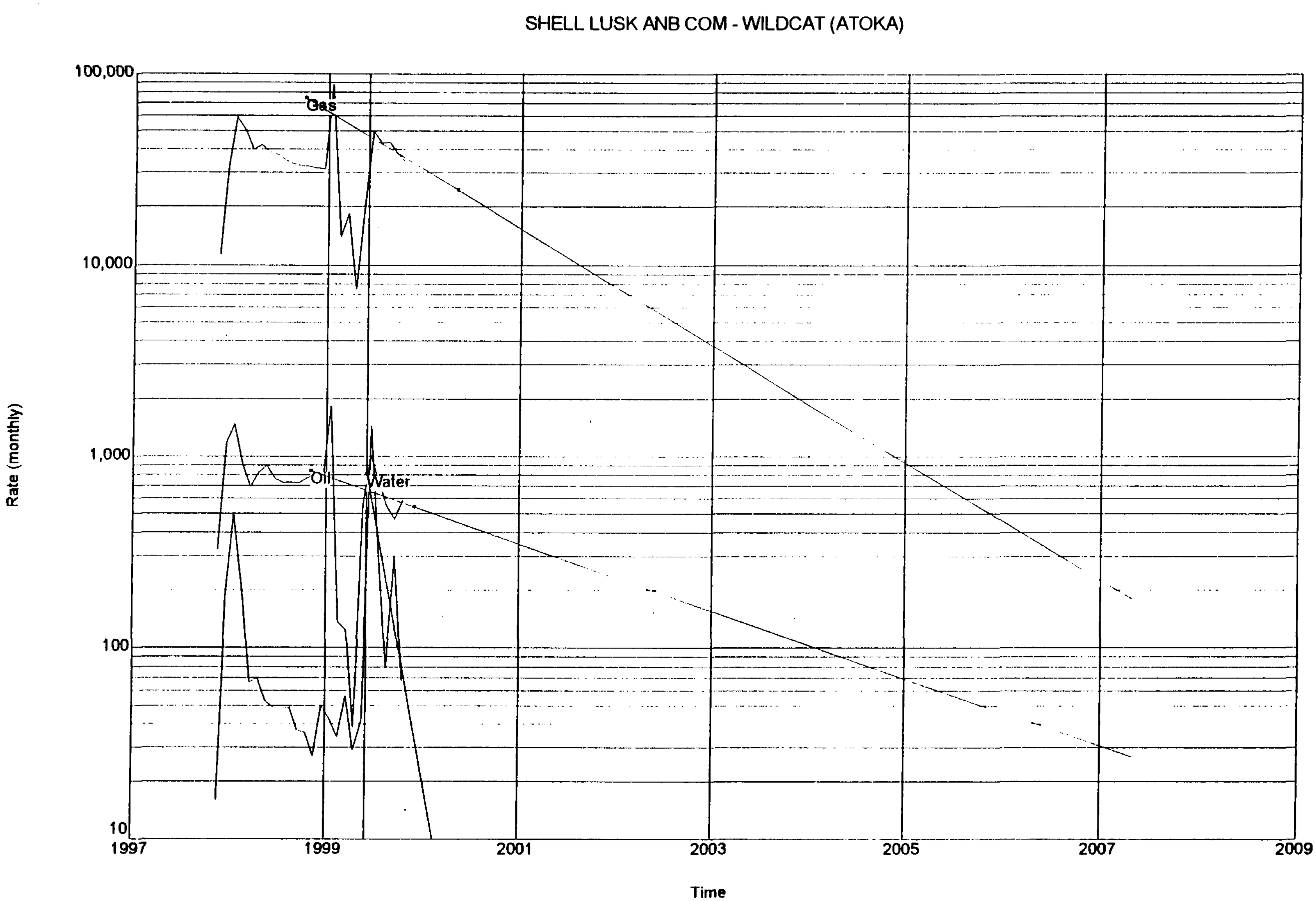
Rate/Time Graph

Project: \\samson\users\RGasaway\ihsapps\PROJECTnm.MDB

Date: 9/5/2000
Time: 4:22 PM

Lease Name: SHELL LUSK ANB COM (1)
County, ST: LEA, NM
Location: 16S-35E-11

Field Name: WILDCAT (ATOKA)
Operator: YATES PETROLEUM CORP



Annual CashFlow Report

Date: 9/5/2000
Time: 4:22 PM

Project: \\samson\users\RGasaway\ihsapps\PROJECTnm.MDB

Lease Name: SHELL LUSK ANB COM (1) | Field Name: WILDCAT (ATOKA)
County, ST: LEA, NM | Operator: YATES PETROLEUM CORP | Location: 16S-35E-11

Date	Well Count	Gross Production Oil (Bbl)	Gross Production Gas (Mcf)	Net Production Oil (Bbl)	Net Production Gas (Mcf)	Average Prices Oil ($/Bbl)	Average Prices Gas ($/Mcf)	Sales Total ($)
12/99	1	4,427	274,167	3,542	219,334	25.00	3.74	908,301
12/00	1	5,161	266,144	4,129	212,915	25.00	3.74	898,990
12/01	1	3,449	131,891	2,759	105,513	25.00	3.74	463,331
12/02	1	2,305	65,361	1,844	52,288	25.00	3.74	241,521
12/03	1	1,540	32,390	1,232	25,912	25.00	3.74	127,648
12/04	1	1,029	16,052	823	12,841	25.00	3.74	68,577
12/05	1	688	7,955	550	6,364	25.00	3.74	37,538
12/06	1	460	3,942	368	3,154	25.00	3.74	20,978
04/07	1	116	808	93	646	25.00	3.74	4,744
Grand Total:		19,174	798,709	15,339	638,967	25.00	3.74	2,771,627

Date	Operating Expenses ($)	Taxes ($)	Operating Income ($)	Other Costs ($)	Periodic Cash Flow ($)	Cumulative Cash Flow ($)	10.00 % Cash Flow ($)
12/99	7,000	68,087	833,213	0	833,213	833,213	809,264
12/00	12,000	67,319	819,671	0	819,671	1,652,884	740,515
12/01	12,000	34,625	416,706	0	416,706	2,069,590	342,238
12/02	12,000	18,003	211,518	0	211,518	2,281,108	157,932
12/03	12,000	9,486	106,162	0	106,162	2,387,270	72,072
12/04	12,000	5,078	51,498	0	51,498	2,438,768	31,797
12/05	12,000	2,768	22,770	0	22,770	2,461,538	12,796
12/06	12,000	1,540	7,437	0	7,437	2,468,975	3,817
04/07	4,000	347	397	0	397	2,469,372	190
Grand Total:	95,000	207,255	2,469,372	0	2,469,372	2,469,372	2,170,620

Discounted Values:

0 %	2,469,372	40 %	1,651,689	80 %	1,315,873
10 %	2,170,620	50 %	1,544,287	90 %	1,260,128
20 %	1,951,574	60 %	1,455,267	100 %	1,211,274
30 %	1,784,068	70 %	1,380,170		

Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	33,353	1,453,621
Cumulative Gross	17,525	863,587
Remaining Gross	19,174	798,709
Remaining Net	15,339	638,968

Economic Dates:

Effective Date	06/1999
Calculated Limit	04/2007
Economic Life	95 Months
	7 Years 11 Months
Net Payout Date:	06/1999
Rate of Return:	>100 %
Return on Investment:	0.00

Initial Division of Interest:

			NRI	ORI
WI:	100.000000	Oil:	80.000000	0.000000
		Gas:	80.000000	0.000000
Reversion Date:	None	Injection:	0.000000	0.000000

CHESAPEAKE OPERATING, INC.

AUTHORIZATION FOR EXPENDITURE

Project Area: Lovington
Well Name: Typical Morrow/Atoka Gas Well
Operator: Chesapeake Operating, Inc.
AFE #:
Spacing Unit:

Property #:
County, State: Lea, New Mexico
Date:
Total Depth: 12,200'
Formation: Morrow/Atoka

CODE		INTANGIBLE COSTS	WORK DESCRIPTION			DRY HOLE	PRODUCER
233400		Location:	Roads, Location, Pits			$35,000.00	$35,000.00
233401			Damages			$12,000.00	$12,000.00
233402			Governmental Filings			$500.00	$1,000.00
233403			Title Opinions			$0.00	$0.00
233404			Seismic Costs			$0.00	$0.00
233405			Reclamation			$12,000.00	$12,000.00
233406		Drilling:	Top Drive			$0.00	$0.00
233408			Pipeline Construction			$0.00	$0.00
233410			Drilling Contractor: 23/27 days			$150,000.00	$178,000.00
233411			Directional Services			$5,000.00	$5,000.00
233413			Rig Mobilization/Demobilization			$40,000.00	$40,000.00
233414			Contract Labor			$15,000.00	$31,000.00
233415			Bits			$50,000.00	$50,000.00
233416			Supplies and Utilities			$3,000.00	$4,000.00
233426			Cement Conductor			$0.00	$0.00
233417			Cement Surface Casing			$6,500.00	$6,500.00
233420			Cement Intermediate Casing			$15,000.00	$15,000.00
233424			Cement Production Casing			$0.00	$25,000.00
233425			Cement Drilling Liner			$0.00	$0.00
233452			Cement Production Liner			$0.00	$0.00
233418			Mud Logging			$7,000.00	$7,000.00
233419			Drilling Fluids, Mud, Chem.			$35,000.00	$35,000.00
233421			Drill String Inspection			$0.00	$0.00
233423			Open Hole Logging			$35,000.00	$35,000.00
233427			Fishing			$0.00	$0.00
233428			Downhole Rental Equipment			$33,000.00	$35,000.00
233430		Completion:	Completion Unit			$0.00	$20,000.00
233431			Cased Hole Logging/Perforating			$0.00	$15,000.00
233433			Jetting			$0.00	$0.00
233434			Formation Stimulation			$0.00	$125,000.00
233437		General:	Surface Equipment Rental			$22,000.00	$25,000.00
233438			Transportation			$4,000.00	$10,000.00
233441			Frac Fluid Hauloff			$0.00	$0.00
233442			Blowout/Emergencies			$0.00	$0.00
233443			Company Supervision/Engineering			$28,000.00	$30,000.00
233444			Consultants			$11,000.00	$13,000.00
233446			Company Overhead			$9,000.00	$10,000.00
233447			Insurance			$4,000.00	$4,000.00
233449			Major Construction Overhead			$0.00	$2,000.00
233450			Plug to Abandon			$2,000.00	$0.00
			10% Contingency			$54,500.00	$68,500.00
TOTAL	INTANGIBLES		Total Intangible Costs			$586,500.00	$847,000.00
CODE		TANGIBLE COSTS	WORK DESCRIPTION				
230108		Tubulars:	Conductor:			$0.00	$0.00
230100			Surface Casing:	450'	13 3/8"	$8,000.00	$8,000.00
230101			Intermediate Casing:	4,200'	9 5/8"	$50,000.00	$50,000.00
230102			Production Casing:	11,600'	5 1/2"	$0.00	$74,000.00
230103			Drilling Liner			$0.00	$0.00
230109			Production Liner			$0.00	$0.00
230104			Float Equipment			$2,000.00	$3,000.00
230105			Tubing:	11,200'	2 7/8"	$0.00	$34,000.00
230106		Lease Equipment:	Wellhead Equipment			$1,500.00	$7,000.00
230107			Downhole Equipment			$0.00	$20,000.00
230111			Artificial Lift-Pumping Unit			$0.00	$0.00
230113			Production Equipment			$0.00	$30,000.00
230115			Compressor/Compression			$0.00	$0.00
230116			Pipeline Equipment			$0.00	$0.00
230120			Non-Controllable Equipment			$0.00	$0.00
			10% Contingency			$6,000.00	$23,000.00
TOTAL	TANGIBLES		Total Tangible Costs			$67,500.00	$249,000.00
			Total Costs			$654,000.00	$1,096,000.00

Prepared by: RTG

Approved by: ____________

OPERATOR'S APPROVAL: ______________________________ DATE: ____________
Operations/Geology

OPERATOR'S APPROVAL: ______________________________ DATE: ____________
Land/Accounting

NON-OPERATOR'S APPROVAL: ______________________________ DATE: ____________

THE COSTS ITEMIZED ON THIS AFE ARE ESTIMATES ONLY. BY EXECUTION OF THE AFE, THE NON-OPERATOR AGREES TO PAY ITS PROPORTIONATE SHARE OF ALL ACTUAL COSTS INCURRED IN THE REFERENCED OPERATION.

ECONOMIC EVALUATION OF A GAS PROPERTY

Well Name:	**Morrow/Atoka**				
Prospect:	**Type well Economics**		**RISKED ECONOMICS**		
	05-Sep-00		FNR	$3,208,869	
GAS PRICE	**$3.74**	($/gas unit)	PW(10)	$2,722,050	
OIL PRICE	**$25.00**	($/oil unit)	PW(20)	$2,356,479	
WORKING INT.	**1.00000**	(FRACTION)	PW(30)	$2,075,123	
REVENUE INT.	**0.80000**	(FRACTION)	PW(40)	$1,854,186	
---- GROSS --- FIRST WELL ----			PW(50)	$1,677,800	
RESERVES	**1,450,000**	(gas unit)	PW(60)	$1,535,037	
INITIAL RATE	**2,750**	(unit/day)	Total Costs	$1,100,000	
YIELD	**15.9**	(Oil/MGas)	First Year	$2,213,772	Rev
PROD. TAX RATE	**0.0700**	(FRACTION)	Two Years	$3,316,872	Rev
LEASE AND SEISMIC	**$0**		Five Years	$4,246,770	Rev
DRILLING COSTS	**$650,000**				
COMPLETION COSTS	**$450,000**		Payout	0.50	Yrs
OPERATING COSTS	**$1,750**	($/MO)	ROR	100.00%	
DRILLING PROMOT	**1.000**		ROI	3.92	
TIME TILL DRILLED	**0.00**	YR	DROI(10)	3.47	

	TIER 1	TIER 2	TIER 3	TOTAL
RISK COMPLETION	**100.00%**	**70.00%**	**80.00%**	
NUMBER OF WELLS	**1**	**0**	**0**	1
---------------- RISKED NUMBERS				
LEASE AND SEISMIC	0	0	0	0
DRILLING COSTS	650,000	0	0	650,000
COMPLETION COSTS	450,000	0	0	450,000
OPERATING COSTS	1,750	0	0	1,750
RESERVES	1,450,000	0	0	1,450,000
INITIAL RATE	2,750	0	0	2,750

---- RISKED --- TOTAL WELLS ---

RESERVES	1,450,000	(Gas unit)
GAS RATE	2,750	(Gas unit/day)
OIL RESERVES	23,055	(Oil Unit)
RESERVE LIFE	7.37	(YEARS)
ECON LIMIT	19	(Gas unit/DAY)
DECLINE RATE	49.70%	(PER YR)
OPERATING COSTS	$1,750	($/Mo)
NET DRILL. COSTS	$650,000	(NET $)
NET COMP. COSTS	$450,000	(NET $)