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JASON KELLAHIN (RETIRED 1991)

February 20, 2001

James Bruce, Esq.
P. O. Box 1056
Santa Fe, New Mexico 87504

Re: NMOCD Case 12595

Application of Chesapeake Operating Inc.
for an unorthodox well location for its
Buchanan "5" Well No. 1 (Unit G)
Section 5, T17S, R37E, Lea County, New Mexico

Dear Mr. Bruce:

This letter confirms the agreement between your client, Amerind Oil Company, Ltd. ("Amerind") and my client, Chesapeake Operating, Inc. ("Chesapeake") that:

- (1) Chesapeake's well, which is the subject of the referenced case, is to be located in a proposed Strawn spacing unit consisting of the S/2NE/4 of Section 5;
- (2) Amerind has mineral interests in the N/2SE/4 of Section 5;
- (3) Chesapeake's proposed well will be located at an unorthodox well location at a point 275 feet from the southern boundary of the NE/4;
- (4) Amerind hereby waives any objection to the Chesapeake's unorthodox well location in the Shipp-Strawn Pool;
- (5) In exchange, Chesapeake hereby waives any objection to Amerind having a well in the Shipp-Strawn Pool not closer than 275 feet to the common boundary between the NE/4 and SE/4 quarter sections of Section 5.

Very truly yours,


W. Thomas Kellahin

AGREED:


James Bruce, Esq.
for and on behalf of Amerind Oil Company, Ltd.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12595 Exhibit No. — **B 6**
Submitted By:
Chesapeake Inc.
Hearing Date: February 22, 2001