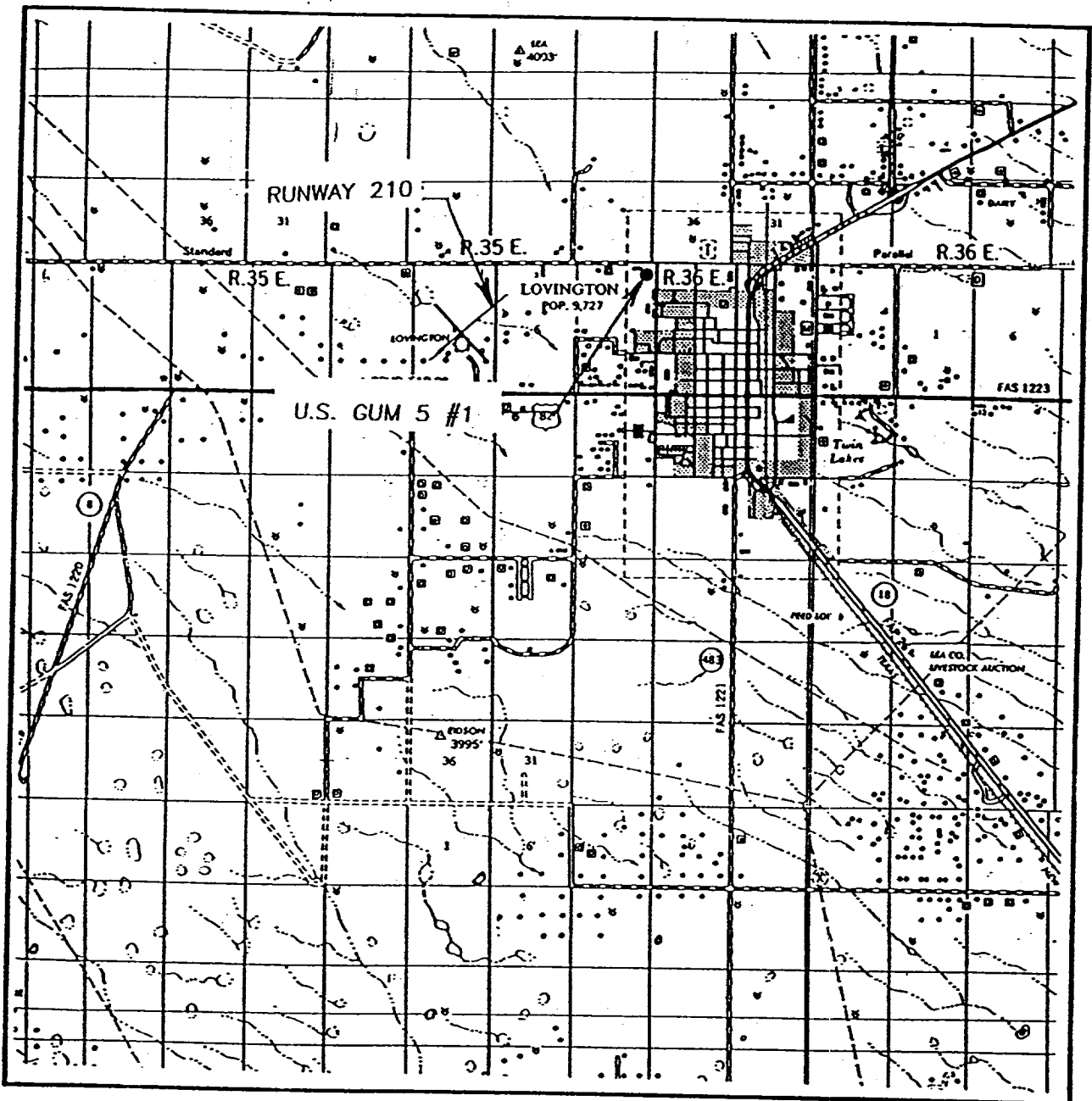


VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 5 TWP. 16-S RGE. 36-E

NOTE: 9010' FEET TO RUNWAY 210

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 765'FNL & 990'FEL

ELEVATION 3938'

OPERATOR CHESAPEAKE OPERATING INC.

LEASE U.S. GUM 5

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

Federal Aviation Administration
Southwest Region
Air Traffic Division, ASW-520
Fort Worth, TX 76193-0520

AERONAUTICAL STUDY
No: 01-ASW-0933-OE

ISSUED DATE: 02/08/01

LYNDA TOWNSEND
CHEASAPEAKE OPERATING, INC.
P O BOX 18496
OKLAHOMA CITY, OK 73154-1525

FEB 14 2001

** THIS IS NOT A DETERMINATION **

The Federal Aviation Administration has received your notice concerning:

Description: TEMPORARY DRILLING RIG - U.S. GUM 5 #1

Location: LOVINGTON NM
Latitude: 32-57-52.49 NAD 83
Longitude: 103-22-17.80
Heights: 154 feet above ground level (AGL)
4092 feet above mean sea level (AMSL)

NOTE: If the coordinates of your notice were submitted in NAD 27 datum, they have been converted to NAD 83 datum as shown above. NAD 83 datum will be referenced on all future correspondence and will be used for the purpose of this study.

Your notice has been assigned Aeronautical Study Number 01-ASW-0933-OE and we are in the process of conducting an aeronautical study to determine the effect on air navigation. A determination or response will be forthcoming.

Please inform involved consultants of this correspondence.

If you have any questions, please contact NANCY K. WALL at 817-222-5598. On any future correspondence concerning this matter, please refer to Aeronautical Study Number 01-ASW-0933-OE.

(REC)

JERRY L. WILLIAMS

Attorney

211 West Avenue K, #5

P. O. Box 910

Lovington, NM 88260

(505) 396-3053 fax & voice

COVER PAGE

Confidentiality Note

The information in this facsimile message is legally privileged and confidential information intended only for the use of the addressee named below. If you have received this facsimile in error, please immediately notify me by telephone (call collect) and return the original message to me at the address set forth above via the United States Postal Service.

TO: LYNDA TOWNSEND

Re: US Gov 1-5 and Snyder 2-76 wells

FROM: Jerry L. Williams

DATE: 2/14/01

TOTAL NUMBER OF PAGES, INCLUDING THIS PAGE: 4

If you do not receive any of these page, please call 505-396-3053.

MESSAGE: Lynda: Faxed's copy of draft minutes from zoning commission meeting last night. Call or till call you by phone in a few minutes

J. L. W.

RECIPIENT'S FAX NO.: (405) - 879 - 9535

DRAFT

**CALLED MEETING OF THE
LOVINGTON-LEA COUNTY
EXTRATERRITORIAL PLANNING & ZONING COMMISSION
TUESDAY, FEBRUARY 13, 2001 AT 5:00 P.M.**

PURPOSE: Request for variances to Lovington-Lea County, Extraterritorial Zoning Ordinance to drill and subsequently equip and operate oil and/or gas wells by Chesapeake Operating, Inc.

- Southeast Quarter of the Southwest Quarter (SE/4SW/4) of Sec 36, T15S, R35E, NMPM, Lea County to be known as the Snyder #2-36
- Lot one (1) of Sec 5, T16S, R36E, NMPM, Lea County, New Mexico to be known as U.S. Gum #1-5

Present: Chairman Bobby Burnett, Vice-Chairman Jim Jameson, Members Idell Savisky, W. H. Fort, Jr. and Charles Kelley. Member Robert Caudle was absent.

Also in attendance: City Attorney James Snipes, Secretary Wanda White, Kurt Porter, property owner, Attorney Jerry Williams, David Roule, engineer and Donnie Michael, landperson representing Chesapeake.

The meeting was called to order by Chairman Burnett. Member Kelley moved for approval of the February 1, 2001 minutes as presented. The motion was seconded by Member Savisky and passed unanimously.

Attorney Williams stated the Snyder #2-36 will be drilled in the Southeast Quarter of the Southwest Quarter (SE/4SW/4) of Sec 36, T15S, R35E on State of New Mexico land that is leased by Snyder Ranches. The pad will be located 660 feet from the south line and 2019 feet from the west line of Section 36. This is located on ranch land away from any improvements.

David Roule explained the drilling plan for the Commission. The well will be a vertical drill to a TD of 11,000 feet in the Townsend Reef and cement will be circulated back to the surface on both the primary and intermediate bore even though it is not stated in their procedure. Entrance to the site will be gained from Gum Street straight to the site. Drilling is scheduled for May 1 to June 20.

The Commission discussed ideas presented at the last meeting regarding safety precautions and automatic igniters for high pressure gas wells with representatives of Chesapeake.

Member Kelley moved to recommend the variance to the Authority for approval with the following stipulations:

- a) Compliance with Ordinances #3 and subsequent Ordinance #5
- b) Cement be circulated back to surface at the primary and intermediate bore
- c) Braden Heads not be removed

DRAFT

- d) Testing of H₂S to be conducted and monitors installed if levels reach 5ppm
- e) Security fences be installed during drilling to eliminate trespassing. When production starts fencing will be at the discretion of the land owner or lessee
- f) Water samples will be taken prior to drilling to establish a benchmark for area water wells if any wells are down gradient with testing to continue until the oil and/or gas well is closed. (The fee for this testing will be the responsibility of Chesapeake.)
- g) Production be picked up during daylight hours
- h) No flaring between 7:00 p.m. and 7:00 a.m. except in an emergency situation and with proper notification
- i) Chesapeake will work with the Commission should the Snyder #1-36 become a gas producing well

The motion was seconded by Member Field and all voted aye.

Attorney Williams stated the original variance petition for the Gum #1-5 has been amended with the filing of Amendment One. The amendment denoted the relocation of the well site to be 765 feet north and 990 feet east of Section line 5. Chesapeake received a variance in 1998 for the approximate same site and never drilled.

David Roule explained the drilling plan for the Commission. The well will be a vertical drill to a TD of 11,000 feet in the Townsend Reef and cement will be circulated back to the surface on both the primary and intermediate bore even though it is not stated in their procedure. Entrance to the site will be gained from 17th Street to the site. The drilling schedule has been set for March 20 to May 1 with access to the site from 17th Street.

Land owner Kurt Porter asked questions regarding plans for loss circulation to keep debris out of the water table, vibration damages to water wells and reaching pockets of H₂S while drilling. Mr. Roule stated the cement back to surface and use of fresh water should keep the majority of debris out of the water. Member Field stated sand in wells could be caused by the vibration of trucks on Gum Street as well as drilling and that it would be hard to prove what the actual cause of the problem was. The Ordinance does provide for control of H₂S and Chesapeake has filed their contingency plan with the Commission.

Member Kelley moved to recommend the variance to the Authority for approval with the following stipulations:

- a) Closed loop system be implemented
- b) Compliance with Ordinances #3 and subsequent Ordinance #5
- c) Cement be circulated back to surface at the primary and intermediate bore
- d) Braden Heads not be removed
- e) Once well is completed testing of H₂S to be conducted and monitors to be installed if levels reach 5ppm
- f) Security fences be installed during drilling to eliminate trespassing. When production starts fencing will be at the discretion of the land owner or lessee

DRAFT

- g) Water samples will be taken prior to drilling to establish a benchmark for area water wells if any wells are down gradient with testing to continue until the oil and/or gas well is closed. (The fee for this testing will be the responsibility of Chesapeake.)
- h) Production be picked up during daylight hours and not between 8:00 p.m. and 7:00 a.m.
- i) No flaring between 7:00 p.m. and 7:00 a.m. except in an emergency situation and with proper notification
- j) Chesapeake will work with the Commission should the Gum #1-5 become a gas producing well

There being no additional business the meeting was adjourned at 6:20 p.m.

APPROVED:

CHAIRMAN

ATTEST:

VICE-CHAIRMAN