

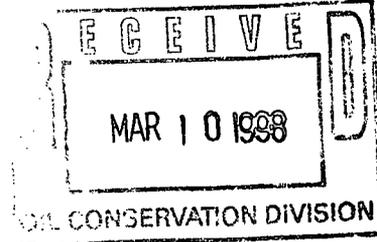
NSL 3/30/98

CHESAPEAKE OPERATING, INC.

P.O. BOX 18496
OKLAHOMA CITY, OKLAHOMA 73154-0496
405/848-8000, Ext.416
405/879-9560 Fax

LAND DEPARTMENT

MIKE HAZLIP, CPL
LANDMAN



March 9, 1998

VIA FEDERAL EXPRESS

Mr. Chris Williams
New Mexico OCD
1000 West Broadway
Hobbs, New Mexico 88240

Mr. Michael Stogner
New Mexico OCD
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Carlisle 1-7 well - Unorthodox Location
2,238' FSL & 1,087' FWL Section 7-T16S-R36E
Lea County, New Mexico

Dear Mr. Williams and Mr. Stogner:

Pursuant to our recent discussion regarding the captioned well, and subsequent to our submittal of forms C-101 and C102, please consider this letter as a request for administrative approval of an unorthodox location for the subject well. The rules established by the Northeast Shoe Bar-Strawn Pool allow for wells to be drilled no closer than 330 feet to any quarter-quarter section line. Please note that Chesapeake's application to drill does not exceed that 330' rule for any outer boundary of the proration unit. The only affected boundary line is the inner boundary between Lot 3 and the NE/4 SW/4 Section 7 of which the proration unit is comprised. Title to the mineral and leasehold estate is common on either side of the inner boundary line, therefore our location should present no threat to the correlative rights of any party.

Chesapeake's request for the captioned location is based upon the need to drill at the optimum location to encounter the most advantageous combination of structure and stratigraphy (porosity), identified from Chesapeake's analysis of subsurface geology calibrated to our 3-D seismic coverage.

Chesapeake would appreciate your extension of the administrative approval for the unorthodox Strawn location to apply to the Wolfcamp formation and grant Authorization to Transport production from the Wolfcamp formation. Thank you for your assistance.

Most sincerely,

Mike Hazlip

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34340	Pool Code	Pool Name
Property Code	Property Name CARLISLE 7	Well Number 1
OGRID No.	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 3950

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 3	7	16 S	36 E		2238	SOUTH	1087	WEST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>	
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>FEBRUARY 26, 1998</p> <p>Date Surveyed _____ DMCC</p> <p>Signature & Seal of Professional Surveyor _____</p> <p><i>Don Edson</i> 2-27-98</p> <p>98-11-0396</p>	
	<p>Certificate No. 105-V-105 675 DONALD Y. EDSON 3239 EDSON 12641</p>	
	<p>NEW MEXICO PROFESSIONAL SURVEYORS</p>	

March 12, 1998

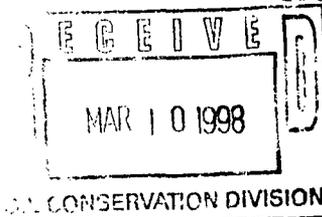
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MIKE HAZLIP, CPL
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March 9, 1998

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New Mexico OCD
1000 West Broadway
Hobbs, New Mexico 88240

Mr. Michael Stogner
New Mexico OCD
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Carlisle 1-7 well - Unorthodox Location
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Most sincerely,

Mike Hazlip

Mr. Hazlip:

I still need a structure map with this application in order for it to be complete [see Rule 104.F(3)]. Call W. Thomas Kellahin at (505) 982-4285 if you have any questions.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

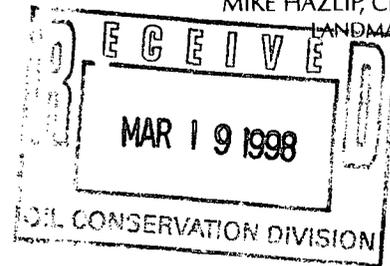
cc: Mr. Chris Williams - NMOCD, Hobbs
W. Thomas Kellahin - Santa Fe

CHESAPEAKE OPERATING, INC.

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OKLAHOMA CITY, OKLAHOMA 73154-0496
405/848-8000, Ext.416
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LAND DEPARTMENT

MIKE HAZLIP, CPL
LANDMAN



March 18, 1998

VIA FEDERAL EXPRESS

Mr. Michael Stogner
New Mexico OCD
2040 South Pacheco
Santa Fe, New Mexico 87505

Mr. Chris Williams
New Mexico OCD
1000 West Broadway
Hobbs, New Mexico 88240

Re: Carlisle 1-7 Well - Unorthodox Location
2,238' FSL & 1,087' FWL Section 7-T16S-R36E
Lea County, New Mexico

Dear Mr. Stogner and Mr. Williams:

Enclosed is a map showing the anomaly we are drilling on the Carlisle 1-7. Please place this map with the letter previously sent you, to complete Chesapeake's application for an unorthodox location. Should you require anything further to evaluate our application, please do not hesitate to call.

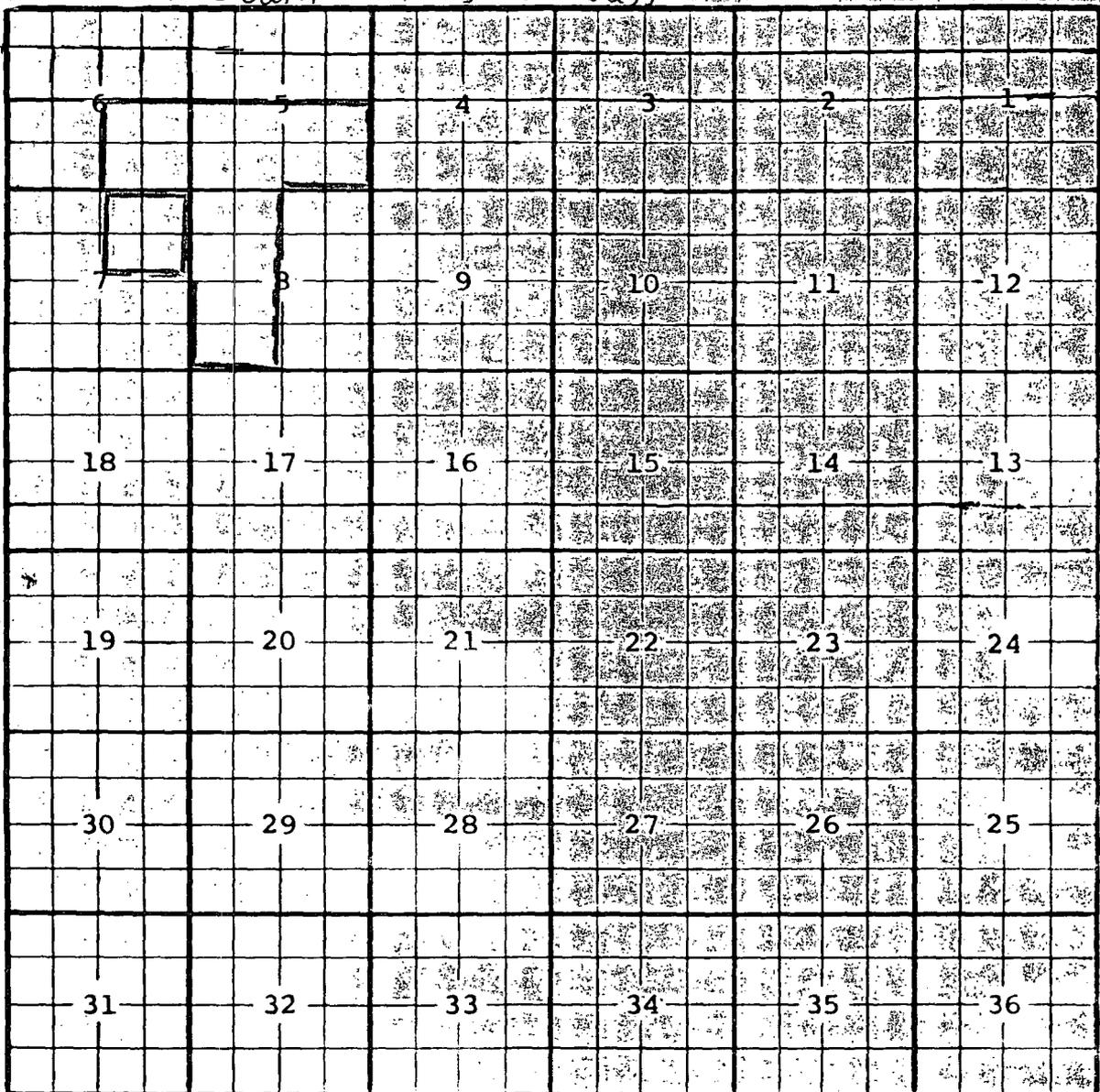
Most sincerely,

A handwritten signature in black ink, appearing to read "Mike Hazlip".

Mike Hazlip

County Lea Pool Northeast Shoe Bar-Strawn

TOWNSHIP 16 South Range 36 East NMPM

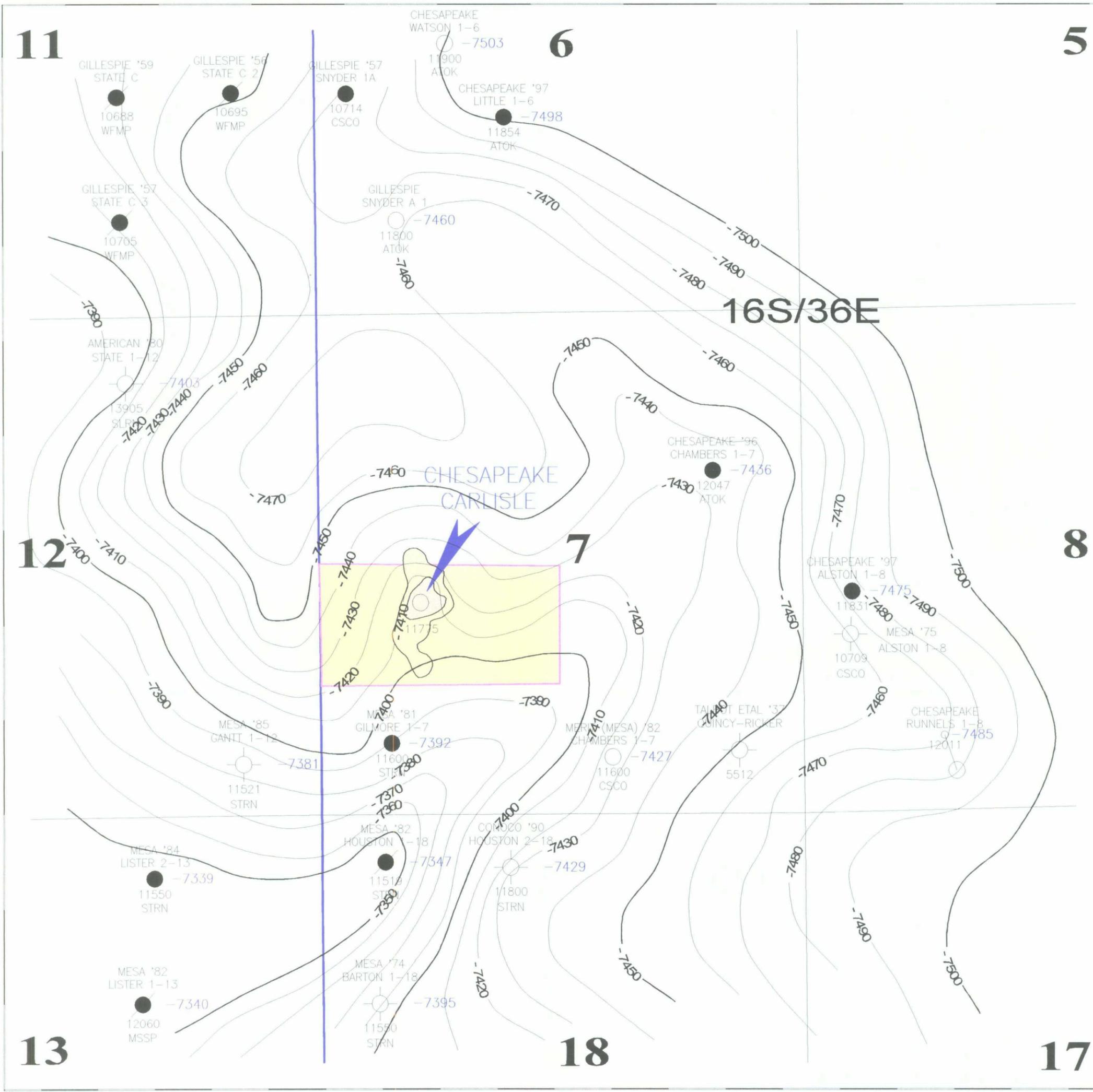


Description: $\text{NE}\frac{1}{4}$ Sec. 7 (R-10776, 2-28-97)

Ext: $\frac{5}{2}$ Sec. 5, $\text{SE}\frac{1}{4}$ Sec. 6, $\frac{1}{2}$ Sec. 8 (R-10910, 10-31-97)

Special Pool Rules Adopted by R-10849 7-31-97

Blank lined area for additional notes or signatures.



-  Strawn Anomaly
-  Unit Boundary

CHESAPEAKE OPERATING, INC.		
UNORTHODOX LOCATION CARLISLE 1-7 Lea County, New Mexico		
Robert A. Hefner IV	3/18/98	Mike Hazlip
Cliff A. Hanoch	Scale: 1" = 1000'	Aaron Reyna