

**FAXED & MAILED**

**Nearburg Exploration Company, L.L.C.**

Exploration and Production  
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**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case No. 11861 Exhibit No. 7

October 6, 1997

Submitted by: Nearburg Exploration Company, L.L.C.

Hearing Date: October 9, 1997

Mr. Mike Hazlip  
Chesapeake Operating, Inc.  
P. O. Box 18496  
Oklahoma City, Oklahoma 73154-0496

Re: Operating Agreement dated October 2, 1997  
covering W/2 NE/4 Section 19, T-16-S, R-36-E,  
Lea County, New Mexico  
Hogan Prospect

Dear Mike:

Pursuant to our telephone conversation of this date, listed below are changes we would request be made to the joint Operating Agreement (JOA) covering the captioned acreage or to the JOA which we furnished you covering the E/2 NE/4 of Section 19, T-16-S, R-36-E, Lea County, New Mexico.

1. Article III.B, line 15: Delete the words "as provided by law" and insert "due on each party's share of production" in lieu thereof.
2. Article III.C: Reinstate as printed, adding the following phrase after the word "production" on line 30 " in such oil and gas lease ..."
3. Article IV.B: This should be reinstated in its entirety to provide for separate loss.
4. Article VI, line 54, change commencement date to February 1, 1998.
5. The following changes made to the JOA submitted by Chesapeake should be incorporated into the JOA furnished by Nearburg.
  - a. Article VI, page 8, lines 8,9,10,11,25,26,and 44.
  - b. Article VII.C., page 9, line 10.
  - c. Article VII.D.3., page 10, lines 28, 29.
  - d. Article VII.A., page 11, line 19.
  - e. Article VII.B., page 11, lines 58, 59.
  - f. Article VIII.D., page 12: delete lines 11 through 17.
  - g. Add Articles XV.B., XV.C, XV.E., and XV.F. to our Article XV.
  - h. Exhibit "C" COPAS, Article I. 3. Add language and set out in Chesapeake JOA.
  - i. Article II. 10, page 3, same as above.

We are in need of completed Exhibits "A" and "A-1."

Chesapeake Operating, Inc.  
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Please review these changes so that we may discuss these changes as soon as possible, and as previously discussed, we still await your comments on the JOA which we furnished to you.

If we can be of further assistance, please advise.

Yours very truly,

A handwritten signature in black ink, appearing to read "Duke Roush". The signature is written in a cursive style with a large, stylized initial "D".

Duke Roush  
Senior Landman

DR:kg

Enclosures