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jamesbruc@aol.com

February 27, 2004

David Catanach
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 13217/Chesapeake Permian LP (formerly Concho
Resources Inc.)

Dear David:

Enclosed are copies of the follow-up letters Concho sent to the
parties being pooled, which you requested at the hearing.

Very truly yours,



James Bruce

Attorney for Concho Resources Inc.

RECEIVED

MAR 1 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

CONCHO RESOURCES INC.

Fasken Center, Tower II
550 W. Texas Ave., Ste. 1300
Midland, Texas 79701

(432) 683-7443
FAX 683-7441

Via Fax and U.S. Mail

February 13, 2004

Mr. Derrel C. Melton
3905 Martingale Drive
Plano, Texas 75023
Fax: 972-758-1934

RECEIVED

MAR 1 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Offer to Purchase Term Assignment
Township 21 South, Range 35 East
Section 21: SW/4, SW/4 NW/4
Lea County, New Mexico
Pogo Prospect (#706039)

Gentlemen:

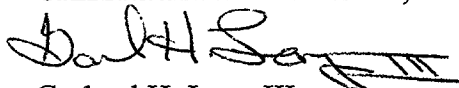
According to the records of Lea County, New Mexico you own an undivided 12.50% leasehold interest in all of the SW/4 and SW/4 NW/4 Section 21, T-21-S, R-35-E, N.M.P.M., Lea County, New Mexico. Chesapeake Permian, L.P. (formerly Concho Resources Inc.) is interested in acquiring a one (1) year term assignment from you at this time and hereby offers you a cash consideration equal to \$225.00 per net leasehold acre for such an assignment, with you reserving an overriding royalty interest equal to the difference between existing burdens and 25%. The total consideration would equal \$5,625.00.

This above offer is subject to the execution of a mutually acceptable term assignment which would contain, among other provisions, a one hundred and eighty (180) day continuous development provision.

If the terms and conditions contained in this letter are acceptable, please execute and return one copy by fax and mail no later than Tuesday, February 17, 2004, at 3:00 P.M. As you are aware, the compulsory pooling hearing for the San Simon "21" State #2 well is set for February 9, 2004.

Very truly yours,

CHESAPEAKE PERMIAN, L.P.



Garland H. Lang III
Senior Landman

Derrel C. Melton
Term Assignment Offer Letter
February 13, 2004
Page 2 of 2

I hereby accept the terms and conditions set forth in this letter.

Derrel C. Melton

Date: _____

CONCHO RESOURCES INC.

Fasken Center, Tower II
550 W. Texas Ave., Ste. 1300
Midland, Texas 79701

(432) 683-7443
FAX 683-7441

Via Fax and U.S. Mail

February 13, 2004

Champlin Exploration, Inc.
P.O. Drawer 3488
Enid, Oklahoma 73702
Attention: Mr. David L. Meara
Fax: 580-233-1647

Offer to Purchase Term Assignment
Township 21 South, Range 35 East
Section 21: SW/4, SW/4 NW/4
Lea County, New Mexico
Pogo Prospect (#706039)

Gentlemen:


According to the records of Lea County, New Mexico, Champlin Exploration, Inc. ("Champlin") owns an undivided 30% leasehold interest in all of the SW/4 and SW/4 NW/4 Section 21, T-21-S, R-35-E, N.M.P.M., Lea County, New Mexico. Chesapeake Permian, L.P. (formerly Concho Resources Inc.) is interested in acquiring a one (1) year term assignment from Champlin at this time and hereby offers Champlin a cash consideration equal to \$225.00 per net leasehold acre for such an assignment, with Champlin reserving an overriding royalty interest equal to the difference between exisiting burdens and 25%. The total consideration would equal \$13,500.00.

This above offer is subject to the execution of a mutually acceptable term assignment which would contain, among other provisions, a one hundred and eighty (180) day continuous development provision.

If the terms and conditions contained in this letter are acceptable, please execute and return one copy by fax and mail no later than Tuesday, February 17, 2004, at 3:00 P.M. As you are aware, the compulsory pooling hearing for the San Simon "21" State #2 well is set for February 9, 2004.

Very truly yours,

CHESAPEAKE PERMIAN, L.P.


Garland H. Lang III
Senior Landman

Champlin Exploration, Inc.
Term Assignment Offer Letter
February 13, 2004
Page 2 of 2

We hereby accept the terms and conditions set forth in this letter.

Champlin Exploration, Inc.

By: _____

Printed Name/Title: _____

Date: _____

CONCHO RESOURCES INC.

Fasken Center, Tower II
550 W. Texas Ave., Ste. 1300
Midland, Texas 79701

(432) 683-7443
FAX 683-7441

Via Fax and U.S. Mail

February 13, 2004

Rio Petroleum, Inc.
2805 West 15th Street
Amarillo, Texas 79102-2244
Fax: 806-358-8231

Offer to Purchase Term Assignment
Township 21 South, Range 35 East
Section 21: SW/4, SW/4 NW/4
Lea County, New Mexico
Pogo Prospect (#706039)

Gentlemen:

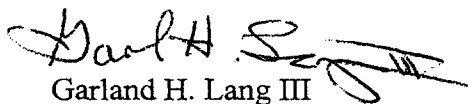
According to the records of Lea County, New Mexico, Rio Petroleum, Inc. ("Rio") owns an undivided 20% leasehold interest in all of the SW/4 and SW/4 NW/4 Section 21, T-21-S, R-35-E, N.M.P.M., Lea County, New Mexico. Chesapeake Permian, L.P. (formerly Concho Resources Inc.) is interested in acquiring a one (1) year term assignment from Rio at this time and hereby offers Rio a cash consideration equal to \$225.00 per net leasehold acre for such an assignment, with Rio reserving an overriding royalty interest equal to the difference between existing burdens and 25%. The total consideration would equal \$9,000.00.

This above offer is subject to the execution of a mutually acceptable term assignment which would contain, among other provisions, a one hundred and eighty (180) day continuous development provision.

If the terms and conditions contained in this letter are acceptable, please execute and return one copy by fax and mail no later than Tuesday, February 17, 2004, at 3:00 P.M. As you are aware, the compulsory pooling hearing for the San Simon "21" State #2 well is set for February 9, 2004.

Very truly yours,

CHESAPEAKE PERMIAN, L.P.


Garland H. Lang III
Senior Landman

We hereby accept the terms and conditions set forth in this letter.

Rio Petroleum, Inc.

By: _____

Printed Name/Title: _____

Date: _____

CONCHO RESOURCES INC.

Fasken Center, Tower II
550 W. Texas Ave., Ste. 1300
Midland, Texas 79701

(432) 683-7443
FAX 683-7441

VIA FACSIMILE and U.S. MAIL

February 13, 2004

ConocoPhillips Company
600 N. Dairy Ashford
Houston, Texas 77252
Attn: Ms. Linda H. Hicks WL3-5050
Fax: 832-486-2688 2674

RE: Request for Farmin
E/2 NW/4 Section 21, T-19-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Pogo Prospect

Ladies and Gentlemen:

According to the records of Lea County, New Mexico, your company owns 100% of the leasehold interest in the E/2 NW/4 of the referenced Section 21.

As you are aware, Concho Resources Inc. proposed the drilling of the San Simon 21 State #2 Well in the W/2 of Section 21 by letter dated November 20, 2003. Chesapeake Permian, L.P. (formerly Concho Resources Inc.) hereby proposes that you farmout your interest in the subject lands in accordance with the terms and conditions set out in this letter.

1. Within six (6) months from the full execution of a formal Farmout Agreement, Chesapeake Permian, L.P. ("CHESAPEAKE") will drill, or cause to be drilled, a well located at a legal location in the W/2 of Section 21, T-19-S, R-35-E, Lea County, New Mexico. The well will be drilled to a depth of 12,700' or sufficient to adequately test the Morrow Formation. Upon completion of the well as a commercial producer, ConocoPhillips Company ("CONOCO") will assign 100% of its rights, title and interests in the leasehold covering the lands described in the first paragraph of this letter to CHESAPEAKE, subject to a reservation of an overriding royalty interest equal to 25.00% less lease burdens, convertible at CONOCO's option to a proportionate 20.00% working interest at "payout".
2. In the event the initial well is drilled as specified above, and is not commercially productive, CHESAPEAKE will have the option to commence operations for an additional well or wells in search of oil

Farmin Request Letter-Pogo Prospect
ConocoPhillips Company
February 13, 2004
Page Two

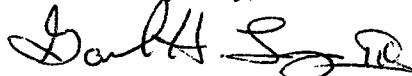
and/or gas in commercial quantities with no more than 180 days elapsing between the abandonment of operations on one well and the commencement of operations on the next well until all of the leasehold rights owned by CONOCO in said Section 21 are dedicated to a producing proration unit. Upon obtaining production in commercial quantities, all of the terms and conditions stated above shall apply to the additional well or wells.

3. At the end of the continuous drilling provisions stated above, CHESAPEAKE shall re-assign unto CONOCO all leasehold interest in the E/2 NW/4 of said Section 21 which was assigned to CHESAPEAKE by CONOCO in the preceding paragraphs which is not then included in a producing proration unit.
4. CHESAPEAKE shall have the right to pool or unitize any of leases assigned to CHESAPEAKE from CONOCO in order to conform to the rules and regulations of the Oil and Gas Division of the State of New Mexico.
5. In the event CHESAPEAKE fails to drill any wells under the terms of this agreement, the only penalty for such failure shall be the termination of this agreement.

If this offer is acceptable, please indicate your acceptance in the space provided for below and return one copy of this letter to our office. This offer shall remain open until February 19, 2004, unless extended in writing.

If you have any questions, please call me at 915-683-7443.

Yours very truly,



Garland H. Lang III
Senior Landman

Farmin Request Letter-Pogo Prospect
ConocoPhillips Company
February 13, 2004
Page Two

CONOCOPHILLIPS COMPANY

ACCEPTED THIS _____ DAY OF FEBRUARY, 2003.

By: _____

Title: _____