

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF MYCO INDUSTRIES, INC.
FOR COMPULSORY POOLING, CHAVES
COUNTY, NEW MEXICO.

Case No. 14,138

MOTION OF MYCO INDUSTRIES, INC.
TO QUASH SUBPOENA DUCES TECUM

Myco Industries, Inc. ("Myco") moves to quash the subpoena *duces tecum* issued by the Division at the request of Chesapeake Energy Corporation ("Chesapeake"). In support thereof, Myco states:

INTRODUCTION

1. Myco seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the S½ of Section 34, Township 15 South, Range 24 East, N.M.P.M., for purposes of drilling the Starr 34 Fee Well No. 1H, a horizontal well. Myco has drilled, but not yet completed, the well.
2. Chesapeake has subpoenaed well information from Myco, including logs, DST's, daily drilling reports, cores, and other data. See Exhibit A.
3. Chesapeake states, in a related Motion for a Continuance, that it seeks well information from Myco so that it may make an informed decision on joining in the well. It also states that it has not had sufficient time to evaluate the well proposal.

ARGUMENT

4. It is Myco's position that Chesapeake has had substantial time to evaluate the drilling of the well, and turning over the well data is an abuse of the Division's subpoena powers.

5. Attached as Exhibit B to this motion is a spreadsheet listing Myco's contacts with Chesapeake and EOG Resources, Inc. ("EOG," Chesapeake's predecessor-in-title). The basic timeline is as follows:

(a) Myco first proposed the well to EOG in May 2006, and continued discussions with them until the end of the year. A pooling application was filed with the Division by Myco in late 2006, but it was eventually dismissed when the drilling of the well was postponed.

(b) Discussions continued with EOG, but it sold its working interest in the well unit (approximately 47.92%) to Chesapeake in February 2007. Chesapeake bought this interest in anticipation of Myco drilling the well.

(c) Discussions continued with Chesapeake, and Myco provided title and geological information to Chesapeake. Chesapeake also informed Myco that they would participate in the well.

(d) Chesapeake has now informed Myco that it is selling its interest in the well unit.

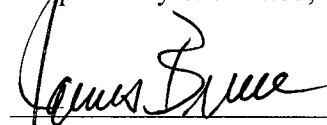
5. Rather than signing a JOA for the well and paying its share of well costs, Chesapeake now seeks well information without paying for it. That information could be used to enhance the price they will be paid for their interest in the well unit. That is improper, should be rejected by the Division, and the subpoena should be quashed in its entirety.

6. Even if the subpoena is not quashed in its entirety, the Division has refused to order an operator to turn over mud logs and any proprietary data on a well. Moreover, Chesapeake is requesting data unnecessary for making a decision on joining in the well. As a result, Myco requests that the subpoena, at the least, be partially quashed so that the following data need not be turned over: Mud logs, cores, core data, core analysis, surface easements,

surface use agreements, surface damage agreements, actual expenditures on the well, and completion reports.

WHEREFORE, Myco requests that Chesapeake's subpoena be quashed.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Myco Industries, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 6th day of June, 2008 by facsimile transmission:

J. Scott Hall
Montgomery & Andrews, P.A.
P.O. Box 2307
Santa Fe, New Mexico 87504
(505) 982-4289



James Bruce

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MYCO INDUSTRIES, INC. FOR
COMPULSORY POOLING, CHAVES
COUNTY, NEW MEXICO

CASE NO. 14138

SUBPOENA DUCES TECUM

TO: Myco Industries, Inc.
c/o James Bruce, Esq.
369 Montezuma, No. 213
Santa Fe, NM 87501

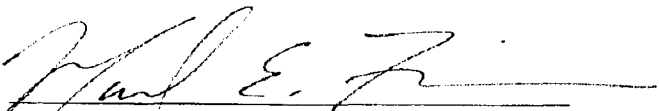
Pursuant to Section 70-2-8, NMSA (1978), and Rule 1214 of the New Mexico Oil Conservation Division's Rules of Procedure, you are hereby ORDERED to appear at 9:00 a.m., June 10, 2008, at the offices of the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505 and to produce and make available to Chesapeake Energy Corporation and their attorney, J. Scott Hall, Esq., for copying, the documents and items specified below.

This subpoena is issued on application of Chesapeake Energy Corporation through its attorneys Montgomery and Andrews, P.A., P.O. Box 2307 Santa Fe, New Mexico 87504.

Dated this 3rd day of June, 2008.

NEW MEXICO OIL CONSERVATION DIVISION

By:


Mark Fesmire, Director

EXHIBIT

A

EXHIBIT 'A'

**TO SUBPOENA DUCES TECUM
TO MYCO INDUSTRIES, INC.
IN NEW MEXICO OIL CONSERVATION DIVISION
CASE NO. 14138**

For the Starr 34 Fee Well No. 1 (API 30-005-64018); Unit "P", S/2 Section 34, T-15-S, R-24-E, NMPM, Chaves County, New Mexico:

1. All open-hole and cased-hole logs from surface to total depth.
2. All mud logs from the surface to total depth.
3. All DST reports, including pressure charts, fluid recovery data and observed flow rates, together with service company analysis thereof with respect to reservoir parameters.
4. All daily drilling reports from commencement through completion of the well.
5. All data, analysis and reports for cores and side-wall cores.
6. All surface access, easements and use agreements, along with all surface damages agreements.
7. A copy of the drilling plan for the subject well.
8. All documents or a summary reflecting actual expenditures from commencement of operations on the well to drilling to total depth.
9. All completion reports as such become available.

These subpoena items are ongoing and you have the obligation to supplement the production of documents and materials responsive hereto as new documents and materials become available.

EXHIBIT **B**

STARR PROSPECT			Prepared by: Shari Darr Hodges	
FORCE POOL HEARING			Dated: December 27, 2006	
T15S, R34E, N.M.P.M.			Revised: June 2, 2008 (HP)	
Section 34: N/2 and S/2				
Exhibit	Date of Communication	Well Name	Type of Communication	Summary of Communication
Ex. 11	May 4, 2006	Starr 34 Fee #1 and #2	Initial Well Proposal	a) Proposed the formation of a 640 acre working interest area to support the drilling of the initial well in the S/2
			Pure Energy, Edge	and possibly the N/2 of the Section
			Petroleum, EOG, Talus,	b) JOA was based on an EOG JOA that the Yates group
			Twin Montana, Chisos,	had agreed to on an EOG project.
			The Allar Company	
Ex. 10	May 5, 2006	Starr 34 Fee #1 and #2	Form C-101 to OCD	MYCO filed Application for Permit to Drill for the Starr 34
				Fee #1 and #2
Conv	May 5, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Lanning	Left message on voice mail - proposal on its way
			@ EOG	
Conv	May 5, 2006	Starr 34 Fee #1 and #2	Conv: Lanning to Hodges	Left message - will be out, call on Monday
Conv	May 5, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Graham	Left message on voice mail - proposal on its way
			@ Allar Company	
Conv	May 5, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Talus	Ken Haggart - out until Monday. He is with the Echo group
Conv	May 5, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Pure	Called, got a fax machine
Conv	May 30, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Lanning	In office - left message that we would be in Midland at building
			@ EOG	and would like to get together.
Conv	May 31, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Lanning	Called to touch base, left message
			@ EOG	
Conv	May 31, 2006	Starr 34 Fee #1 and #2	Conv: Lanning to Hodges	Left message
Conv	July 19, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Lanning	Called to touch base, left a message that I would be out
Conv	August 2, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Lanning	Voice mail said Lanning out until August 3, 2006
			@ EOG	
Conv	August 4, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Lanning	Left a message on machine.
			@ EOG	

Exhibit	Date of Communication	Well Name	Type of Communication	Summary of Communication
Conv	August 4, 2006	Starr 34 Fee #1 and #2	Conv: Lanning to Hodges	a) CEO coming in next week b) Asked if we were getting a title opinion, they had title work they would share c) They were hopeful, moving that way d) Consider us in the S/2, them in the N/2
Ex. 12	August 8, 2006	Starr 34 Fee #1	Fax: Hodges to Lanning @ EOG	Fax to Lanning that MYCO has an opportunity to use a preferred rig at the end of September.
Ex. 13	August 29, 2006	Starr 34 Fee #1	E-mail: Lanning to Hodges	EOG has a rig available that could drill in the short term. EOG wants to drill and operate the wells in Section 34.
Ex. 17	September 6, 2006	Starr 34 Fee #1 and #2	E-mail: Hodges to Lanning @ EOG	Sent early morning e-mail (5:55am) that he would receive a call today.
Conv	September 6, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Lanning @ EOG	Returning his call. Play is borderline, they probably will not participate. Might do a Term Assignment.
Ex. 18	September 7, 2006	Starr 34 Fee #1 and #2	E-mail: Hodges to Lanning @ EOG	In response to 8/29/2006 e-mail. I will be out of office 2-3 days and will call back.
Ex. 1	September 20, 2006	Starr 34 Fee #1 and #2	E-mail: Hodges to Lanning @ EOG	Informed EOG that although MYCO prefers to put together a one section W/A to spread the risk, it was considering other options per EOG's suggestion.
Ex. 2	September 26, 2006	Starr 34 Fee #1 and #2	E-mail: Lanning to Hodges	a) EOG is concerned about committing the entire section to an operator w/o a track record for drilling and completing these wells at a reasonable cost. b) If MYCO demonstrates ability in the S/2 EOG could be willing to make a deal in the N/2. c) Asked for our proposed completion procedure prior to making any decision. d) Decision hinges on outcome of other wells in the area.
Ex. 3	September 26, 2006	Starr 34 Fee #1 and #2	E-mail: Hodges to Lanning @ EOG	a) Understand why EOG wants to F/O b) Has EOG decided on terms? Would like to submit to group c) Will inquire about completion procedures. d) Would EOG meet to discuss completion, we have an open door policy. e) Communicating with the location builder, surface owner

Exhibit	Date of Communication	Well Name	Type of Communication	Summary of Communication
				for water. Time is getting short.
Ex. 3	September 28, 2006	Starr 34 Fee #1 and #2	E-mail: Lanning to Hodges	a) EOG is willing to consider a F/O on the S/2. b) Terms: 75% NRI, 25% B.I.A.P.O. c) If initial well successful, infill well would be based on APO. d) If in the initial well MYCO demonstrates that it can drill and complete the wells efficiently, EOG would consider participating in the N/2. e) If not, EOG may consider pressing for operations in the N/2 f) FYI - the other owners are EOG partners and they support g) EOG is not currently willing to share information regarding drilling and completion techniques
Conv	October 11, 2006	Starr 34 Fee #1	E-mail: Lanning to Hodges	EOG e-mailed Farmout Agreement on S/2 only.
Conv	October 11, 2006	Starr 34 Fee #1	E-mail: Hodges to Lanning @ EOG	Confirmed receipt of the F/O agreement, added note that if there is no mention of the N/2, we need to visit.
Conv	October 23, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Lanning @ EOG	a) Congrats on the Seine A 6 Fee #1H - could we have drilling information - this is not on the drilling schedule yet. b) EOG plans to drill the Hasburg in Section 35 next c) Asked about the F/O d) North offset - Starr #2. They are not wanting to do anything. EOG does not want to commit.
Conv	October 30, 2006	Starr 34 Fee #1	E-mail: Hodges to Lanning @ EOG	Sent note telling Lanning that we would be sending some requested changes on the F/O.
Ex. 14	October 30, 2006	Starr 34 Fee #2	Ltr: Hodges to EOG, Allar Company, Talus, Twin Montana	Revised well proposal - including only the N/2 since most parties appear to not want a one section W.I. unit - asked that they join, grant a one year 75% Term Assignment or enter into negotiations.
Conv	October 31, 2006	Starr 34 Fee #2	Conv: Hodges to Graham @ Allar Company	Per receptionist, Mr. Graham out - told her I would call again tomorrow
Conv	October 31, 2006	Starr 34 Fee #2	Conv: Hodges to Haggart @ Talus & Twin Montana	Talked to Teresa Carson, they are in Young County, TX. Landman is out - call back. Talked to Melody Garae, they are without a landman - talk to Ken Seligman or Tom Hunnewell
Conv	October 31, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Lanning	Left message - give me a call when he has had a chance to

Exhibit	Date of Communication	Well Name	Type of Communication	Summary of Communication
			@ EOG	look things over.
Conv	November 2, 2006	Starr 34 Fee #1	E-mail: Hodges to Lanning @ EOG	Sent title requirement for the Lanning interest.
Conv	November 3, 2006	Starr 34 Fee #1	E-mail: Lanning to Hodges	As to title requirement, he would waive.
Conv	November 3, 2006	Starr 34 Fee #1	E-mail: Hodges to Lanning	Waiving title requirement would be fine. Waiting on his call to visit about the Farmout Agreement.
Conv	November 5, 2006	Starr 34 Fee #1	Conv: Hodges to Lanning @ EOG	Called to visit about F/O and our 10/30/2006 letter - left message on V.M.
Conv	??	Starr 34 Fee #1 and #2	Conv: Lanning to Hodges	They would do a S/2 and wait on the N/2 - might be forcing a decision. At this point, probably won't co-operate on any of it. If we spud - he wants an evaluation, holding out on N/2
Ex 4	October 30, 2006	Starr 34 Fee #1	Ltr: Hodges to Lanning @ EOG	Farmout Agreement change requests sent via Fed Ex
Conv	November 6, 2006	Starr 34 Fee #1 and #2	Conv: Hodges & Lanning @ EOG	Lanning informed Hodges that EOG would be spudding an offset well in 8 days and they would have a better understanding of the geology and opinion on what to do in Section 34.
Conv	November 11, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Teresa @ Talus	Ken Haggart - in a meeting, left a message with Teresa.
Conv	November 11, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Lanning @ EOG	Left a message
Conv	November 10, 2006	Starr 34 Fee #2	Conv: Hodges to Graham @ Allar Company	Left a message
Conv	November 13, 2006	Starr 34 Fee #1 and #2	Visit: Hodges to Lanning @ EOG	Shari Hodges made a trip to personally speak with Rick Lanning in his office in Midland, Texas. Lanning said that the offset well, the Hasburg was being logged that day.
Conv	November 14, 2006	Starr 34 Fee #2	Visit: Hodges and Graham @ Allar Company	Shari Hodges made a trip to meet and personally speak with Jack Graham of the Allar Company. Jack had previously told Shari that he would be speaking for all 3 Graham companies

Exhibit	Date of Communication	Well Name	Type of Communication	Summary of Communication
				and re-iterated that in the conversation.
Ex. 5	November 15, 2006	Starr 34 Fee #1 and #2	Ltr: Hodges to Lanning @ EOG	Document meeting in Lanning's office on Nov 13, 2006 a) Discussed S/2 F/O - Hodges understanding that EOG was considering the changes requested in previous letter. Invited EOG to participate in the drilling of the well again. b) As to the N/2 - EOG wants to see the results of the Starr 34 Fee #1 before making a decision in the N/2. c) MYCO would be willing to structure a deal such that EOG would have a certain number of days after seeing the results of the Starr 34 Fee #1 before having to make a decision on the Starr 34 Fee #2. d) Informed EOG that the location and the reservoir pit for the Starr 34 Fee #1 and #2 are built and we are ready to proceed.
Conv	November 16, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Lanning @ EOG	Left a message: (Lanning out until 11/21) a) Would like an update on F/O b) As to the N/2 - would give a decision point 5 days after terminus - by that point, they would have results from their Hasburg and the Starr #1
Conv	November 16, 2006	Starr 34 Fee #2	Conv: Hodges to Graham @ Allar Company	Told him that we are working on F/O with EOG - asking them to make a decision to participate or F/O on the N/2 keyed off S/2 well - need to wrap that up. Please pass on to Allar group.
Conv	November 16, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Tower @ EOG	Message said out until 11/15 Don't want to step over Lanning but need to keep this going. The F/O in the S/2 if off b/c of the proposal in the N/2.
Conv	November 17, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Tower @ EOG	Message said out until 11/5 - left a message, asked him to call
Conv	November 20, 2006	Starr 34 Fee #1 and #2	Conv: Tower to Hodges	Returning call
Conv	November 20, 2006	Starr 34 Fee #1 and #2	Conv: Hodges to Tower @ EOG	a) EOG would give Term Assignment on S/2 for \$832/acre b) As to N/2 - join or do the same T.A. depending on well.
Ex. 6	November 17, 2006	Starr 34 Fee #2	Ltr: Hodges to Graham @ Allar Company	Letter is an addendum to the proposal inviting they to either participate in the drilling of the well, granting MYCO a Term Assignment or enter into negotiations on other options.

Exhibit	Date of Communication	Well Name	Type of Communication	Summary of Communication
				a) MYCO will share well information if they will make a decision within 5 days from MYCO's reaching the terminus to either farmout or join or grant a term assignment. b) told them EOG is drilling an offset well.
Conv	November 20, 2006	Starr 34 Fee #1 and #2	Conv: Pat Tower & Hodges	Tower told Hodges that EOG would be agreeable to a \$832 an acre, 75% NRI Term Assignment to MYCO.
Ex. 7	November 30, 2006	Starr 34 Fee #1 and #2	Ltr: Hodges to Lanning @ EOG	a) Documented the conversation between Tower and Hodges. In summary, as to the S/2, EOG offered a Term Assignment, 75% NRI, \$832/acre for the drilling of the Starr #1. b) As to the N/2, EOG would be given a decision period after operations on the Starr #1 in which to decide to either participate in the drilling of a well in the N/2 or grant to MYCO a Term Assignment on same terms. c) MYCO respectfully declined.
Ex. 8	December 5, 2006	Starr 34 Fee #1 and #2	Ltr: Jim Bruce to OCD	Application for force pooling filed to be set for January 4, 2007
Ex. 15	December 5, 2006	Starr 34 Fee #1 and #2	E-mail: Lanning to Hodges	a) Understand we will force pool but hasn't received notice. b) Understand \$832/acre too much. c) Understand MYCO paid Starr family \$400/acre. EOG will grant a Term Assignment for \$400/acre, 75% NRI with a reasonable continuous development provision.
Ex. 16	December 5, 2006	Starr 34 Fee #1 and #2	E-mail: Hodges to Lanning @ EOG	a) Yes, term assignment terms are not acceptable - economics b) Yes, we began force pool - attorney Jim Bruce, 1.4.2007 c) MYCO did not pay \$400/acre
Conv	December 7, 2006	Starr 34 Fee #2	Conv: Hodges to Graham @ Allar Company	Would like to discuss terms.
Conv	December 12, 2006	Starr 34 Fee #2	Conv: Graham to Hodges	They will do some sort of F/O
Ex. 9	December 21, 2006	Starr 34 Fee #2	Ltr: Hodges to Graham @ Allar Company	MYCO prepared for the Allar group a Farmout Agreement similar to the F/O Agreement delivered by EOG to MYCO. Sent via Federal Express.
Conv	December 21, 2006	Starr 34 Fee #1 and #2	E-mail: Lanning to Hodges	a) Received force pool order b) They offered a F/O but we did not accept - not so. c) They may put it out to industry

Exhibit	Date of Communication	Well Name	Type of Communication	Summary of Communication
Conv	December 27, 2006	Starr 34 Fee #1 and #2	E-mail: Lanning to Hodges	EOG would do a 90 day, \$400/acre, 75% NRI Term Assignment with no continuous drilling provision. Not acceptable
Conv	December 27, 2006	Starr 34 Fee #1 and #2	E-mail: Hodges to Lanning	Term Assignment terms not acceptable. Asked that they consider changes to the terms.
Conv	December 27, 2006	Starr 34 Fee #1 and #2	E-mail: Hodges to Lanning	a) MYCO seriously considering Term Assignment b) Asked that Lanning send the terms of the Term Assignment
Conv	December 27, 2006	Starr 34 Fee #1 and #2	E-Mail: Lanning to Hodges	a) Attached form of T.A. b) They will not grant a 180 day CDP
Conv	December 27, 2006	Starr 34 Fee #1 and #2	E-mail: Hodges to Lanning	What initial terms are they proposing on the T.A.?
Conv	December 27, 2006	Starr 34 Fee #1 and #2	E-mail: Lanning to Hodges	a) Asked that MYCO advise as to proposed spud date b) 90 days might be sufficient c) Most leases are 2008, couple in 2007
Conv	December 27, 2006	Starr 34 Fee #1 and #2	E-mail: Hodges to Lanning	a) 90-day, \$400/acre, 75% NRI with no continuous drilling would not be acceptable to Frank. b) We do not agree with continuance.
Conv	December 28, 2006	Starr 34 Fee #1 and #2	Conv: Hodges, Lanning and Tower @ EOG	a) Discussed history of effort to come to some sort of agreement on this project b) Discussed possible T.A. terms c) If we can't come to terms, they want to be able to take it out to industry... they want to put off force pool d) MYCO not ready to put force pool off, if we can not come to terms before hearing, will consider after talking with Frank.
Conv	January 30, 2007	Starr 34 Fee #1 and #2	E-mail: Hodges to Bruce	Request to continue FP hearing because EOG is making a deal with a third party and they need time to think about it.
Conv	February 12, 2007	Starr 34 Fee #1 and #2	E-mail: Hodges to Bruce	Request to continue FP because Chesapeake obtained EOG interest and they have title work to do.
Conv	February 26, 2007	Starr 34 Fee #1 and #2	E-mail: Hodges to Bruce	Request to continue.
Conv	March 7, 2007	Starr 34 Fee #1 and #2	E-mail: Hodges to Bruce	Hearing date status. Notified him that Myco had made a deal with the Allar group on the Starr #2 (N2) and are still waiting on

Exhibit	Date of Communication	Well Name	Type of Communication	Summary of Communication
				Chesapeake.
Conv	March 14, 2008	Starr 34 Fee #1 and #2	E-mail: Hodges to Bruce	Request to continue FP
Conv	April 4, 2007	Starr 34 Fee #1 and #2	E-mail: Hodges to Jim Ball	Notified Chesapeake that hearing in currently set for 4/12. There is a chance that Starr wells will be postponed but no final decision has been made.
Conv	April 11, 2007	Starr 34 Fee #1 and #2	E-mail: Ball to Hodges	Needs status of force pool hearing.
Conv	June 12, 2007	Starr 34 Fee #1 and #2	E-mail: Hodges to Ball	No change on status. Does Chesapeake want wells drilled this year?
Conv	June 12, 2007	Starr 34 Fee #1 and #2	E-mail: Hodges to Bruce	Status on Starr FP; Currently set for 6/21.
Conv	July 12, 2007	Starr 34 Fee #1 and #2	E-mail: Hodges to Ball	Final decision to withdraw well proposals and force pool proceedings. If Chesapeake wants to drill let us know and we'll try to work something out.
Conv	July 12, 2007	Starr 34 Fee #1 and #2	E-mail: Hodges to Bruce	Request to withdraw FP proceedings on the Starr wells.
Conv	July 12, 2007	Starr 34 Fee #1 and #2	E-mail: Ball to Hodges	Will pass along information. Request that MYCO wait a few days before shutting everything down and withdrawing the pooling on the Starr.
Conv	November 28, 2007	Starr 34 Fee #1 and #2	E-mail: Hodges to Ball	Touching base to see what Chesapeake's thoughts are on the Starr
Conv	April 9, 2008	Starr 34 Fee #1	Conv: Hodges and Ed Birdshead @ Ches.	Notified Chesapeake of well proposal that will be sent out.
Conv	April 10, 2008	Starr 34 Fee #1	E-mail: Palomin to Birdshead	MYCO is still working on incorporating minor changes to the JOA; package will go out soon. Birdshead wondered if JOA was already in place.
Conv	April 16, 2008	Starr 34 Fee #1	E-mail: Palomin to Birdshead	Notified Ed Birdshead that proposal was being sent out Federal Express.
Ex	April 16, 2008	Starr 34 Fee #1	Ltr: Well proposal w/ AFE and JOA	Proposal sent federal express to Birdshead with AFE and JOA. Requested prompt reply because rig would be available in 2-3 weeks
Conv	April 21, 2008	Starr 34 Fee #1	E-mail: Palomin to Birdshead	Forwarded title information that was requested from Ed Birdshead

Exhibit	Date of Communication	Well Name	Type of Communication	Summary of Communication
				to verify interest
Conv	April 21, 2008	Starr 34 Fee #1	E-mail: Hodges to Birdshead	Supplied geology information that encouraged MYCO to drill the Starr #1 as requested by Birdshead
Conv	April 28, 2008	Starr 34 Fee #1	E-mail: Hodges to Birdshead, Godsey, Ramsey @ Chk.	Status e-mail regarding Starr. MYCO has opportunity to spud the well within the week. Provided information about rig and casing that is available. Recall was that Chesapeake was interested in participating. Would like to take advantage of timing with higher gas prices and production data from surrounding wells. MYCO would like to have Chesapeake as a partner but would be willing to work out some sort of deal in the next day or so.
Conv	April 29, 2008	Starr 34 Fee #1	E-mail: Birdshead to Hodges	No word yet from Chesapeake. Will take the proposal to team meeting to try to get response.
Ex	April 30, 2008	Starr 34 Fee #1	Ltr: Hodges to Birdshead	Follow-up letter regarding proposal. MYCO is proceeding with plans to drill Starr #1. Chesapeake has leases that will expire in 4 months. If they do not want to participate consider granting MYCO a no bonus, 80% NRI assignment.
Conv	May 2, 2008	Starr 34 Fee #1	E-mail: Birdshead to Hodges	Starr acreage is in the acreage that Chesapeake would like to swap or divest of. Provided plat of acreage
Conv	May 7, 2008	Starr 34 Fee #1	E-mail: Hodges to Birdshead	Acreage ownership is different from the area they want to swap so it wouldn't work. Verifying that they received FP notice. Notifying Chesapeake that rig would be moving today or tomorrow.
Conv	May 7, 2008	Starr 34 Fee #1	E-mail: Birdshead to Hodges	Has not received FP notice yet. Replied that MYCO received theirs today. Will forward a copy tomorrow in case they don't get theirs.
Conv	May 9, 2008	Starr 34 Fee #1	E-mail: Hodges to Birdshead	Touching base on FP notice. Notified that EOG is building location to the SE of the Starr.
Conv	May 9, 2008	Starr 34 Fee #1	E-mail: Birdshead to Hodges	Chesapeake sent their Horizontal WC map to EOG. He believes Chesapeake is going to farmout or provide a term assignment. Still looking for lease costs.
Conv	May 12, 2008	Starr 34 Fee #1	E-mail: Hodges to Birdshead	Reiterate April 30, 2008 term assignment request to resolve and avoid FP that is scheduled for 6/12/08. MYCO prefers to have some form of voluntary participation.

Exhibit	Date of Communication	Well Name	Type of Communication	Summary of Communication
Conv	May 12, 2008	Starr 34 Fee #1	Conv: Hodges to Birdshead	Telephone conversation leading MYCO to believe Chesapeake would participate. Visited about a small lease that was set to expire May 15. MYCO would get DOPU prepared to save the lease.
Conv	May 12, 2008	Starr 34 Fee #1	E-mail: Birdshead to Hodges	Birdshead has AFE and JOA and has routed the AFE for approval. If they participate he will work on approval of the JOA.
Ex	May 12, 2008	Starr 34 Fee #1	Ltr: Palomin to Birdshead	Letter requesting signature of the DOPU.
Conv	May 15, 2008	Starr 34 Fee #1	E-mail: Birdshead to Palomin	Confirming that signed DOPU had been received in time to be recorded by May 15. Replied that Shari had taken DOPU and hand-delivered to clerk's office for recording.
Conv	May 16, 2008	Starr 34 Fee #1	E-mail: Hodges to Birdshead	DOPU was recorded on 5/15/08
Conv	May 19, 2008	Starr 34 Fee #1	E-mail: Hodges to Birdshead	Requesting status as to participation from Chesapeake
Conv	May 19, 2008	Starr 34 Fee #1	E-mail: Birdshead to Hodges	Chesapeake is waiting on AKM's signature.
Conv	May 27, 2008	Starr 34 Fee #1	E-mail: Birdshead to Hodges	Request for MYCO to provide well information, including logs and total depth drilled to date.
Conv	May 28, 2008	Starr 34 Fee #1	E-mail: Hodges to Birdshead	Asked if Chesapeake had sent the signed AFE and JOA to MYCO