



August 11, 2009

VIA FEDERAL EXPRESS
AND FACSIMILE (405) 935-1450

Chesapeake Exploration LP
6100 N. Western Avenue
Oklahoma City, OK 73118
Attn: Kevin Pfister

RE: Big Game Prospect
Blackhawk "11" Federal Com #1
S2S2 of Section 11-T16S-R28E
Eddy County, New Mexico

Dear Mr. Pfister:

COG Operating LLC (hereinafter referred to as Concho) hereby propose the drilling of a horizontal well to a depth sufficient to adequately test the Crow Flats Abo formation at an anticipated total vertical depth of 6680' and total measured depth being approximately 11,130'. The surface location for this well has been permitted at 430' FSL & 430' FWL with a bottomhole location at 330' FSL & 330' FEL with the dedicated project area being the S2S2 of Section 11, Township 16 South, Range 28 East, Eddy County, New Mexico. Included herein is our AFE dated August 10, 2009 as well as a copy the submitted Permit to Drill.

We ask that you join Concho to the full extent of your interest in the drilling, testing and completing of this proposed well by indicating your acceptance in the space provided.

However, in the event you do not wish to participate, Concho respectfully requests that you consider as an alternative either of the below proposals:

Proposal 1:

Concho would be interested in purchasing, subject to reaching mutually agreeable price and terms, all of Chesapeake Exploration LP's or its entity's of record contractual and leasehold interests situated in Section 11-T16S-R28E, Eddy County, New Mexico.

Proposal 2:

Chesapeake Exploration LP or its entity of record will farmout all of its contractual and leasehold interests in Section 11-T16S-R28E, Eddy County, New Mexico, retaining an

overriding royalty interest equal to the difference between existing lease burdens of record and twenty percent (20%), proportionately reduced.

Please indicate below the option of your choice below, sign and return this letter at your earliest convenience to my attention by any of the following methods:

- US Mail – 550 West Texas Avenue, Suite 1300, Midland, Texas 79701
- Fax – 432.685.4398
- Email – Jspradlin@conchoresources.com

Should you have any questions, please do not hesitate to contact me at 432.683.7443.

Very truly yours,

COG Operating LLC



Jan Preston Spradlin, CPL
Senior Landman

- _____ I/We hereby elect to participate in the Blackhawk "11" Federal Com #1
- _____ I/We hereby elect **not** to participate in the Blackhawk "11" Federal Com #1
- _____ I/We hereby elect to pursue Proposal 1
- _____ I/We hereby elect to pursue Proposal 2

CHESAPEAKE EXPLORATION LP

By: _____
Name: _____
Title: _____
Date: _____



Shipment Receipt

Address Information**Ship to:**

Kevin Pfister
Chesapeake Exploration LP
6100 N WESTERN AVE

OKLAHOMA CITY, OK
73118-1044
US
4057674752

Ship from:

COG Operating LLC
550 W. Texas Ave., Ste. 100

Midland, TX
79701
US
4326837443

Shipping Information

Tracking number: 797837404361
Ship date: 08/11/2009
Estimated shipping charges: 14.95

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Service type: Priority Overnight
Package type: FedEx Envelope
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Declared value: 0.00USD
Special Services:
Pickup/Drop-off: Drop off package at FedEx location

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Your reference: :Blackhawk 11.EC #1
P.O. no.:
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OKLAHOMA CITY, OK

Delivery date [?](#) Aug 12, 2009 8:41 AM

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Start time : 08-11 10:59am
End time : 08-11 11:00am
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FAX

Fasken Center, Tower II
550 West Texas Avenue, Suite 1300
Midland, TX 79701

Phone: (432) 683-7443
Land Dept. Fax: (432) 685-4398

Total Pages (including cover): 7

Privileged and Confidential

Date: August 11, 2009

To: Kevin Rister

Fax: Chesapeake Supl. 405-935-1450

From: Jan Spradlin

Subject: Blackhawk II Ac. #1

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If you have any difficulty in receiving this fax, please call Jan Conner 432-686-3006