



January 7, 2010

**VIA FEDERAL EXPRESS**  
**AND FACSIMILE (405) 935-4251**

Chesapeake Exploration, L.L.C.  
6100 N. Western Avenue  
Oklahoma City, OK 73118  
Attn: Craig B. Barnard

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

Dear Mr. Barnard:

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 as well as a copy of the 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 below and return one original each of this letter, a signed original of the enclosed AFE and executed signature pages to our proposed Operating Agreement.

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, L.L.C.'s or its entity's of record contractual and leasehold interests situated in the S2S2 of Section 11-T16S-R28E, Eddy County, New Mexico.

**Proposal 2:**

Chesapeake Exploration, L.L.C. or its entity of record will farmout all of its contractual and leasehold interests in S252 of Section 11-T16S-R28E, Eddy County, New Mexico, subject to reaching mutually agreeable terms.

This letter replaces our previous proposal dated August 11, 2009.

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 432.685.4352.

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, L.L.C.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Confirmation Report - Memory Send

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\*\*\* SEND SUCCESSFUL \*\*\*



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): 12

Privileged and Confidential

Date: 7 Jan 2010  
To: Craig Bernard  
Chesapeake Expt  
405-935-4251  
From: Jan Spradlin  
Subject: Blackhawk II AC #1  
Blackhawk II AC #2

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Thank you.

If you have any difficulty in receiving this fax, please call

Maureen  
432-686-3066