

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Or. (915) 684-9813
Fax (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties
1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

Andrew A. Andros
1124 Gulfview
Port Bolivar, TX 77650

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Andros:

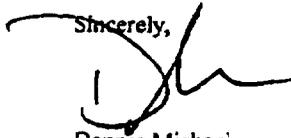
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.80078% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.80078% and a proportionate dryhole cost of \$8,960.74.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,


Donnie Michael

DM/jkw
Enclosures

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12660 Exhibit No. 4
Submitted By:
Chesapeake Inc.
Hearing Date: May 31, 2001

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Or: (915) 684-9819
Fax: (915) 382-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

W. L. Barnes
2514 Stanolind
Midland, TX 79705

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Barnes:

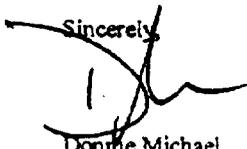
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0023437% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0023437% and a proportionate dryhole cost of \$26.23.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Ofc: (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

Elaine Magruder
2507 Sinclair
Midland, TX 79705

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

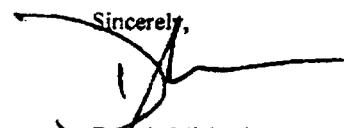
Dear Ms. Magruder:

Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0046875% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0046875% and a proportionate dryhole cost of \$52.45.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Olc: (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

Charles E. Marsh, III
c/o Loretta McDermott Marsh
2902 Stratford
Austin, TX 78746

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Marsh:

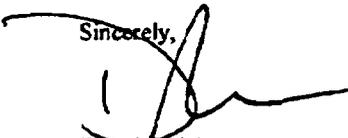
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.00234% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.00234% and a proportionate dryhole cost of \$26.23.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Ofc. (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

J. F. Webre
5701 Woodway, Ste 236
Houston, TX 77057

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Webre:

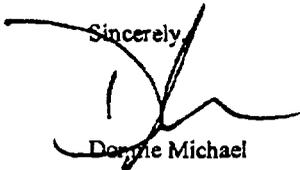
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.4004% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.4004% and a proportionate dryhole cost of \$4,480.37.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Oic: (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties
1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

VLS OIL & GAS LIMITED PARTNERSHIP
ATTN: Land Department
1900 W Loop South, Ste 1050
Houston, TX 77027

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

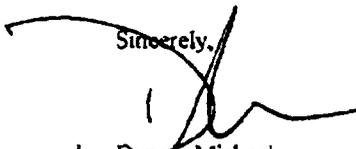
To whom it may concern:

Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. VLS Oil & Gas is the record title owner of a working interest of 1.6016% in the proposed 80-acre unit. Chesapeake offers VLS the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 1.6016% and a proportionate dryhole cost of \$17,921.48.

Should VLS elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DANNIE MICHAEL, RLP

Cfc (915) 684-9619
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties
1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

James I Trott
2805 W Dengar
Midland, TX 79705

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Trott:

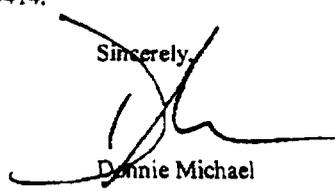
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0023% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0023% and a proportionate dryhole cost of \$26.23.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Dannie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Ofc: (915) 684-9619
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

P. Gordon Stafford
3892 Nathan Road
Santa Barbara, CA 93102

Via Certified Mail

RE: Chesapeake's proposed Nellie I-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Stafford:

Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0012% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie I-21 well with a working interest of 0.0012% and a proportionate dryhole cost of \$13.11.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, C.P.L.
DONNIE MICHAEL, R.L.P.

Ofc: (915) 684-2619
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

SPECTRUM 7 1983-B
ATTN: Land Department
1100 Louisiana Street, Ste 2950
Houston, TX 77002-5216

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

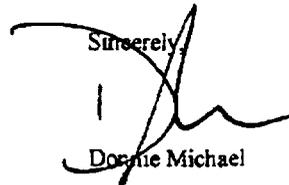
To whom it may concern:

Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. SPECTRUM 7 1983-B is the record title owner of a working interest of 0.0059% in the proposed 80-acre unit. Chesapeake offers SPECTRUM the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0059% and a proportionate dryhole cost of \$65.57.

Should SPECTRUM elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

Donnie Michael

DM/jkw
Enclosures

WILLIAM A CHALFANT C.P.
DONNIE MICHAEL RLP

Ofc: (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

SPECTRUM 7 1983-A
ATTN: Land Department
1100 Louisiana Street, Ste 2950
Houston, TX 77002-5216

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

To whom it may concern:

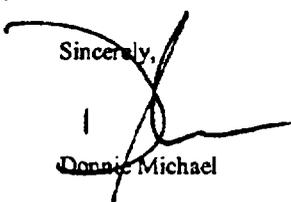
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Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. SPECTRUM 7 1983-A is the record title owner of a working interest of 0.0527% in the proposed 80-acre unit. Chesapeake offers SPECTRUM the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0527% and a proportionate dryhole cost of \$590.10.

Should SPECTRUM elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,


Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Ofc: (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties
1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

SAMSON EXPLORATION CORP
ATTN: Land Department
2 W Second Street
Tulsa, OK 74103

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

To whom it may concern:

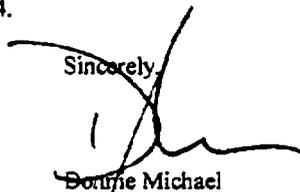
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Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. Samson Exploration Corp. is the record title owner of a working interest of 0.5339% in the proposed 80-acre unit. Chesapeake offers Samson the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.5339% and a proportionate dryhole cost of \$5,973.83.

Should Samson elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,


Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Olc (915) 682-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

Richard Roseberry
14643 Dallas Parkway, Ste 1000
Dallas, TX 75240

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Roseberry:

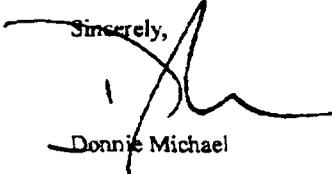
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Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,


Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Ofc. (915) 684-9819
Fax. (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties
1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

W. F. Ortloff
415 W Wall, Ste 2000
Midland, TX 79701

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Ortloff:

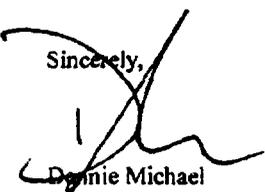
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Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0023% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0023% and a proportionate dryhole cost of \$26.23.

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If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Ofc (915) 684-9819
Fax (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

MVC, INC.
ATTN: Land Department
PO Box 10040
Midland, TX 79702

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

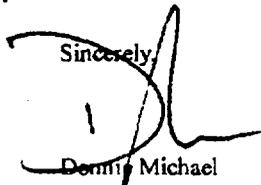
To whom it may concern:

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Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. MVC, Inc. is the record title owner of a working interest of 0.0146% in the proposed 80-acre unit. Chesapeake offers MVC the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0146% and a proportionate dryhole cost of \$163.92.

Should MVC elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Ofc: (915) 684-9819
Fax: (915) 682-2301

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

MJZ PETROLEUM CORP
ATTN: Land Department
911 Walker Street, #965
Houston, TX 77002

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

To whom it may concern:

Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. MJZ Petroleum Corp. is the record title owner of a working interest of 0.4004% in the proposed 80-acre unit. Chesapeake offers MJZ the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.4004% and a proportionate dryhole cost of \$4,480.37.

Should MJZ elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Ofc: (915) 684-9619
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

Loretta McDermott Marsh
2902 Stratford
Austin, TX 78746

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Ms. Marsh:

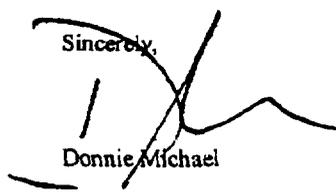
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0234% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0234% and a proportionate dryhole cost of \$262.27.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,


Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Ofc (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties
1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

MALLON OIL COMPANY
ATTN: Land Department
995 18th Street, Ste 1700
Denver, CO 80202

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

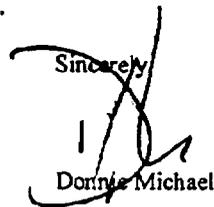
To whom it may concern:

Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. MALLON OIL COMPANY is the record title owner of a working interest of 20.7932% in the proposed 80-acre unit. Chesapeake offers MALLON the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 20.7932% and a proportionate dryhole cost of \$232,676.24.

Should MALLON elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Ofc. (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

Robert Kruse
PO Box 327
Key West, FL 33040

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Kruse:

Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.5339% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.5339% and a proportionate dryhole cost of \$5,973.83.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, C.P.
DONNIE MICHAEL, RLP

Ofc. (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

Harris E. Kerr
PO Box 2858
Midland, TX 79702

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Kerr:

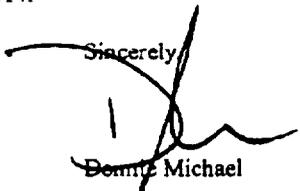
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0012% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0012% and a proportionate dryhole cost of \$13.11.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

Ofc. (915) 684-9819
Fax. (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

Nolan Hirsch
PO Box 10040
Midland, TX 79702

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Hirsch:

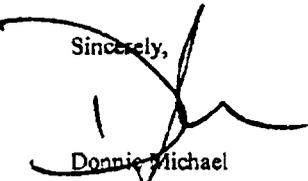
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0049% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0049% and a proportionate dryhole cost of \$54.64.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,


Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CP
DONNIE MICHAEL, RLP

Or: (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

GEODYNE NOMINEE CORP
ATTN: Land Department
320 South Boston Avenue
Tulsa, OK 74103

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

To whom it may concern:

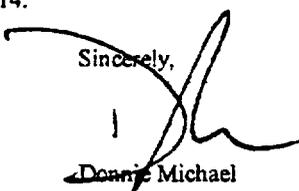
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. Geodyne Nominee Corp. is the record title owner of a working interest of 12.5043% in the proposed 80-acre unit. Chesapeake offers Geodyne the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 12.5043% and a proportionate dryhole cost of \$139,322.90.

Should Geodyne elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,


Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE MICHAEL, RLP

O/c (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties
1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

Wanda P. Campbell
1600 W Cuthbert
Midland, TX 79701

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

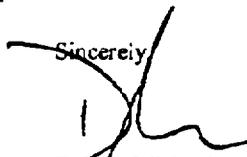
Dear Ms. Campbell:

Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You, individually and as Executor of the Estate of Roy E. Campbell, are the record title owner of a working interest of 0.0117% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0117% and a proportionate dryhole cost of \$131.13.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CP.
DONNIE MICHAEL, RLP

Ofc (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

CALLOWAY PRODUCTION CO., INC.
ATTN: Land Department
415 W Wall, Ste. 2000
Midland, TX 79701

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

To whom it may concern:

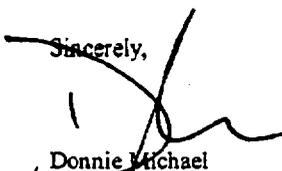
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. Calloway Production Co., Inc. is the record title owner of a working interest of 0.0143% in the proposed 80-acre unit. Chesapeake offers Calloway the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0143% and a proportionate dryhole cost of \$159.54.

Should Calloway elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,


Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, CPL
DONNIE M. CHAEL, RLP

Ofc: (915) 684-9819
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties
1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

Harold K Work
3516 Greenbriar
Dallas, TX 75225

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

Dear Mr. Work:

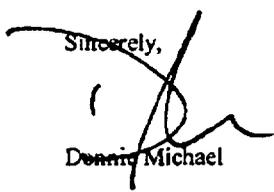
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0023% in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0023% and a proportionate dryhole cost of \$26.23.

Should you elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw
Enclosures

WILLIAM A. CHALFANT, GPL
DONNIE MICHAEL, RLP

Ofc: (915) 684-9619
Fax: (915) 682-2601

CHALFANT PROPERTIES, INC.

Oil & Gas Leasing and Properties
1502 NORTH BIG SPRING
P.O. BOX 3123
MIDLAND, TEXAS 79702-3123

March 23, 2001

UNION TEXAS DEVELOPMENT CORP.
ATTN: Land Department
POB 2120
Houston, TX 77252

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,
Lea County, NM

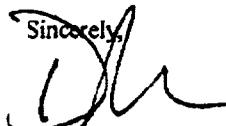
To whom it may concern:

Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. UNION TEXAS DEVELOPMENT CORP. is the record title owner of a working interest of 7.47396% in the proposed 80-acre unit. Chesapeake offers UNION TEXAS the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 7.47396% and a proportionate dryhole cost of \$83,633.59.

Should UNION TEXAS elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

Donnie Michael

DM/jkw
Enclosures