

DATE IN 6/24/03	SUSPENSE NA	ENGINEER MS	LOGGED IN LR	TYPE NSL	APP NO. PLR0317754639
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] ☒ Working, Royalty or Overriding Royalty Interest Owners

- [B] ☐ Offset Operators, Leaseholders or Surface Owner

- [C] ☐ Application is One Which Requires Published Legal Notice

- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

- [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

KELLAHIN & KELLAHIN
 Attorneys At Law
 P.O. Box 2265
 Santa Fe, NM 87504-2265

Date

RECEIVED
 JUN 26 2003
 Oil Conservation Division

6/26/03

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
New Mexico Board of Legal
Specialization Recognized Specialist
in the area of Natural resources-
oil and gas law

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.com

June 26, 2003

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

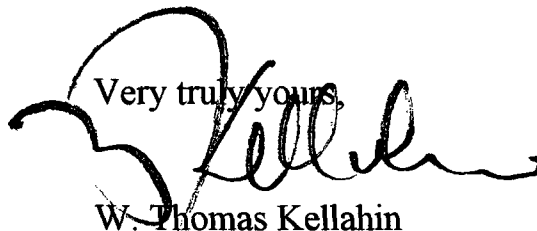
Re: Administrative Application of Chesapeake Operating, Inc.
for approval of a unorthodox well location for its
Caudill "7" Well No. 1, Unit P,
E/2SW/4 (80-acre) dedication, Section 7,
T16S, R37E, Lea County New Mexico
Northeast Lovington Upper Penn Pool

Dear Ms. Wrotenbery:

On behalf of Chesapeake Operating, Inc., please find enclosed our referenced application that is being filed in accordance with the special rules for this pool. This location crowds the exterior line between the SE/4SE/4 between the NE/4SE/4 (10 feet instead of within 150 feet of the center of the quarter-quarter section). Ownership in the spacing unit is common.

Concurrently with this application, Chesapeake has filed its APD with the OCD-Hobbs.

Very truly yours,



W. Thomas Kellahin

CC: Chesapeake Operating, Inc.
Attn: Lynda Townsend

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

**IN THE MATTER OF THE ADMINISTRATIVE
APPLICATION OF CHESAPEAKE OPERATING, INC.
FOR APPROVAL OF AN UNORTHODOX WELL LOCATION
LEA COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now CHESAPEAKE OPERATING, LTD. ("Chesapeake") and by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division ("Division") for approval of an unorthodox oil well location for its proposed Caudill "7" Well No. 1 to be drilled at a unorthodox location 1310 feet from the South line and 560 feet from the East line (Unit P) of Section 15, T16S, R37E, Lea County, New Mexico to be dedicated to a standard 80-acre 71 spacing unit consisting of the S/2SE/4 of this section for production from the Northeast Lovington-Upper Penn Pool.

In support, Chesapeake states:

1. Chesapeake is the proposed operator for this well to be dedicated to a standard 80-acre oil spacing and proration unit consisting of the E/2SE/4 of this section.
2. The well is to be located 560 feet FEL and 1310 feet FSL (Unit P) Section 7, T16S, R36E, at an unorthodox oil well location for the Northeast Lovington-Upper Penn Pool. See APD and Form C-102, attached as Exhibit "A" and "B"

3. This well location is subject to the Special Rules and Regulations for the Northeast Lovington-Upper Penn Pool (Order R-3816).

4. This location, as illustrated on Exhibit "C" attached, is based upon geologic reasons:

a. Based upon 3-D seismic analysis, Chesapeake believes that there is a Strawn alga mound that if best tested at a location outside of the standard location 150" radius drilling window;

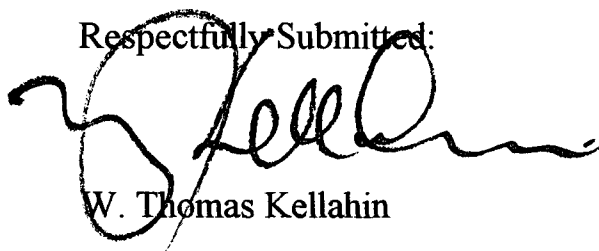
b. It will reduce the risk if the well is located towards the thicker portions of the reservoir.

5. Because ownership in this Spacing unit is the same persons with the same percentages no notifications were send. See Chalfant's ownership summary enclosed as Exhibit D

6. Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the oil in the Upper Penn formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the typed name. The signature is fluid and cursive, with a large initial 'W'.

W. Thomas Kellahin

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
New Mexico Board of Legal
Specialization Recognized Specialist
in the area of Natural resources-
oil and gas law

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.com

June 25, 2003

FEDERAL EXPRESS

Mr. Chris Williams, Supervisor
Oil Conservation Division
1625 N. French Drive
Hobbs, New Mexico 88240



Re: Caudill "7" Well No. 1
Application for Permit to Drill
Chesapeake Operating, Inc.
Unit I E/2SE/4 Section 7, T16S, R37E
Lea County, New Mexico

Dear Mr. Williams:

On behalf of Chesapeake Operating, Inc. and at their request, I have reviewed and now forward for your processing the enclosed application for approval to drill this well.

For your information, my research indicates that the well will be in the Northeast Lovington-Upper Penn Pool at an unorthodox well location. The rules for this pool require 80-acre spacing and standard well locations within 150 feet from the center of either 40-acre tract.

We are in the process of filing an application with the OCD-Santa Fe requesting approval of the unorthodox well location. Please call me if you have any questions.

Very truly yours,

W. Thomas Kellahin

cc: Chesapeake Operating, Inc.
Attn: Lynda Townsend
phone (405) 848.8000 (ext 414)



June 25, 2003

Mr. Chris Williams
Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240

RE: Caudill 7 #1
Sec 7-16S-37E
Lea Co., NM

Dear Mr. Williams:

Enclosed for your approval is the following amended permit to drill for the above named well. The only change is the legal location from 500' FEL to 560' FEL.

C-101 Orig. & 4 copies
C-102 3 originals
Location Verification Map
Vicinity Map

If additional information is required, please call Lynda Townsend or Barbara Bale at (405) 848-8000.

Sincerely,

Barbara J. Bale
Regulatory Analyst

Cc: File, Hobbs Field Ofc
CA, AMc, MB/DB, LT, RJ, BJB

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Chesapeake Operating, Inc. P. O. Box 18496 Oklahoma City, OK 73154-0496		² OGRID Number 147179
		³ API Number 30 -
³ Property Code	⁵ Property Name Caudill 7	⁶ Well No. 1

⁷ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	7	16S	37E		1310	South	560	East	Lea

⁸ Proposed Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 Northeast Lovington Upper Penn						¹⁰ Proposed Pool 2			

¹¹ Work Type Code N	¹² Well Type Code G/O	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3844
¹⁶ Multiple N	¹⁷ Proposed Depth 11,700'	¹⁸ Formation Strawn	¹⁹ Contractor Nabors #311	²⁰ Spud Date 07/15/03

²¹ Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	0-440'	±500	Surf
11"	8-5/8"	32#	0-4,900'	±1400	Surf
7-7/8"	5-1/2"	17#	0-11,700'	±1100	4,200'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary.

Chesapeake Operating, Inc. proposes to drill to a T.D. of 11,700' in the Strawn formations w/Nabors #311 as the drilling contractor.

BOP consists of 13-5/8" 10M# blind & pipe rams & 13-5/8" 5M# Annular (see schematic)

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: _____		OIL CONSERVATION DIVISION	
Printed name: Barbara J. Bale		Approved by: _____	
Title: Regulatory Analyst		Title: _____	
Date: 06/25/03		Approval Date: _____	Expiration Date: _____
Phone: (405) 848-8000		Conditions of Approval: Attached <input type="checkbox"/>	

State of New Mexico

DISTRICT I

P.O. Box 1960, Hobbs, NM 88241-1960

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

P.O. Drawer DB, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	40760	Northeast Lovington Upper Penn
Property Code	Property Name	Well Number
	CAUDILL "7"	1
OGRID No.	Operator Name	Elevation
147179	CHESAPEAKE OPERATING, INC.	3846'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	7	16-S	37-E		1310'	SOUTH	560'	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			
80									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 1				
51.46 AC				
LOT 2				
51.36 AC				
LOT 3				
51.28 AC				
LOT 4				
51.18 AC				

GEODETTIC COORDINATE
 NAD 27 NME
 Y.= 704715.5 N
 X.= 822512.9 E
 LAT.= 32°55'58.50"N
 LONG.= 103°16'55.90"W

EXHIBIT
B

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Barbara J. Bale
 Signature

Barbara J. Bale
 Printed Name

Regulatory Analyst
 Title

06/25/03
 Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

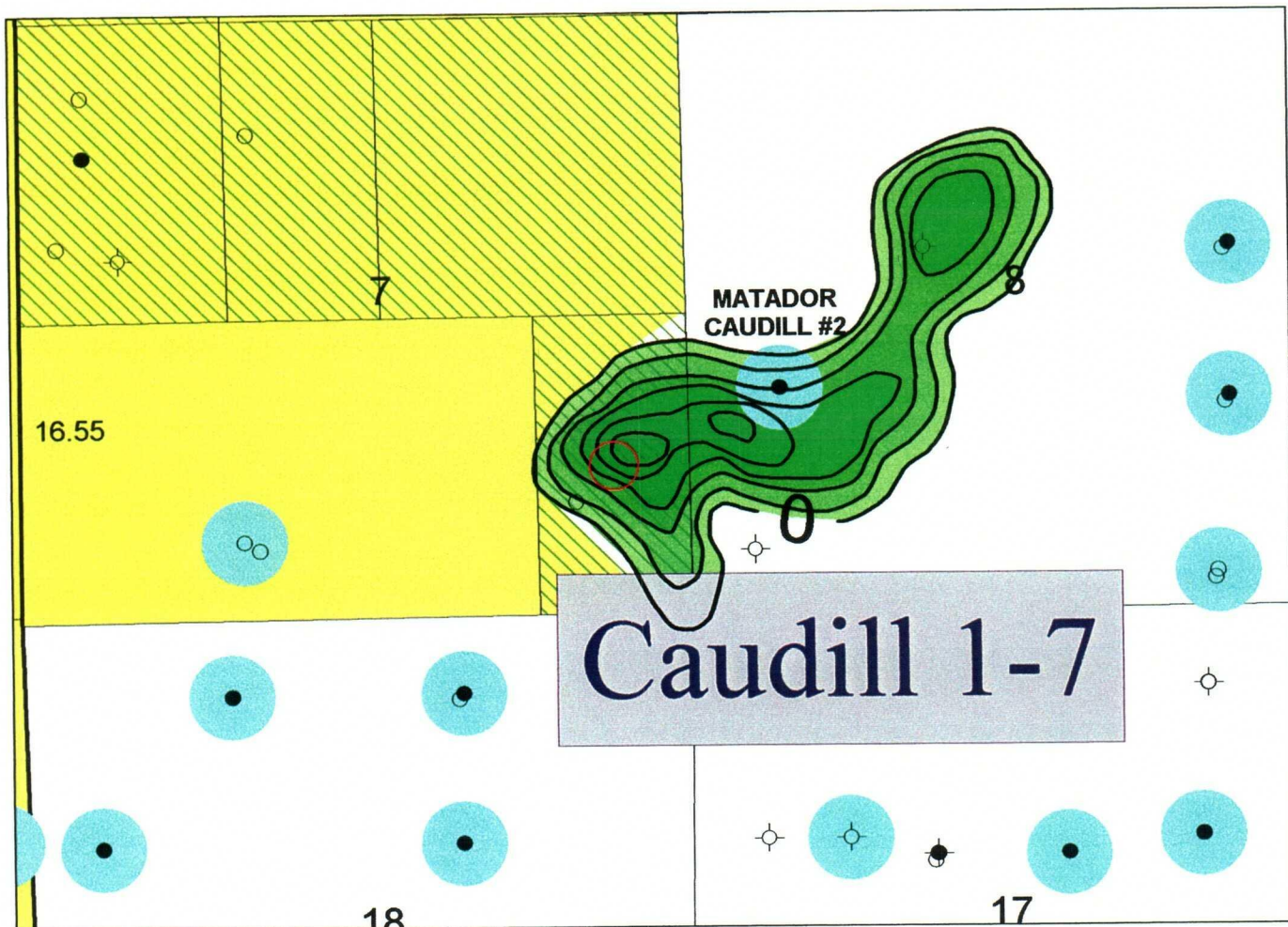
June 24, 2003



Date Surveyed

Signature & Seal of Professional Surveyor


Ronald V. Edson
 05.13.0657

Certification No. RONALD V. EDSON 3239
 12841



-  STRAWN PRODUCERS
-  ACREAGE



 Chesapeake <small>Natural Gas Natural Advantages</small>	CHESAPEAKE OPERATING, INC.
<p style="text-align: center;">CAUDILL 1-7 Isopach Strawn Porosity E/2 SE/2 Sec 7-16S-37E 1300 FSL 660 FEL NE Lovington Upper Penn Field</p>	
Date: 18 June, 2003	Geologist: DG/CH

Jun 26 03 02:23p

William R. Chalfant

682-2801

CHALFANT PROPERTIES, INC.
Oil and Gas Leasing and Properties
 1502 North Big Spring
 P. O. Box 3123
 Midland, Texas 79702

915/684-9819 phone
 915/682-2601 fax

COUNTY: Lea
 STATE: New Mexico
 AREA: Lovington
 DATE: 1/24/03

E/2SE/4 of Section 7, T-16-S, R-37-E, NMPM, containing 80, more or less, from Sovereignty

LEASING RIGHTS	INTEREST (NET ACRES)	COMMENTS
Wells Fargo Bank Texas, N. A., Trustee for the B. H. Simmons Testamentary Trusts and for the J. E. Simmons Testamentary Trusts for JJS and MJH, P. O. Box 1959, Midland, Tx. 79702 (685-5148)	.0625 5.0 ac.	OPEN. Sent offer letter on 2-20-03 for \$150.00-1/4 roy.-3 yr..
Nancy L. White, a widow, s & s prop., P. O. Box 2184, Kerrville, Tx. 78029 (James Little, lessors son 1-210-829-7991)	.00390625 .3125 ac.	OPEN. Sent offer letter on 2-20-03 for \$100.00-1/5 roy.-3 yr..
Kathy Augusta Tomlinson, a widow dealing in her s & s prop. by Jim R. Tomlinson, Att. In Fact, P. O. Box 774, Hatch, NM 87987(1-505-267-4190)	.0625 5.0 ac.	OPEN. Sent offer letter on 2-20-03 for \$300.00-1/5 roy.-3 yr.. (C/O: R. F. Fort, P. O. Box 2044, Midland, Tx. 79702. Have not notified him. Waiting for Tomlinson's to reply.)
Larry B. Hall, Life Est. in Lydian Hall Woods Estate, 1007 W. 7 th St., Muleshoe, Tx. 79347	.028125 2.25 ac.	Check and run these names. Last lsd. 414/397 in 1987 included SW/4 of Sec. 8. Appears HBP.
Matador Royalty Co., 8340 Meadow Rd., Ste. 158, Dallas, Tx. 75231(1-214-373-8792)	.234375 18.75 ac.	OPEN. Will probably join.
Ronald J. Byers, s & s prop., 400 W. Fifteenth St., Ste. 1600, Austin, Tx. 78701(1-512-478- 6507)	.0078125 .625 ac.	OPEN. Sent offer letter on 2-20-03 for \$300.00-1/4 roy.-3 yr.. (He will prepare own lease)
Harry A. Miller, Jr., 303 W. Wall St., Ste. 600, Midland, Tx. 79701(682-8731)	.001953125 .15625 ac.	OPEN. Sent offer letter 2-25-03 for \$150-1/4 roy.-3 yr.
Mary Kathryn Grisso, Trustee of the Mary Kathryn Grisso Revocable Trust dated 6-7-96, 2320 N.W. 47 th St., Oklahoma City, OK 73112	.046875 3.75 ac.	OPEN. Sent offer letter on 2-20-03 for \$300.00-1/4 roy.-3 yr.
J. H. Van Zant, II	.0234375 1.875 ac.	OPEN-NEED TO RUN FOR ADDRESS OR PROBATE
Dorothy Jeanne Van Zant Sanders, s & s prop., 6737 Brants Lane, Ft. Worth, Tx. 76116-7201(1-817- 732-6697)	.0234375 1.875 ac.	OPEN. Sent offer letter on 2-20-03 for \$100.00-1/4 roy.-3 yr..

EXHIBIT

D

Jun 28 03 02:23p

William A. Chalfant

682-2601

CHALFANT PROPERTIES, INC.
Oil and Gas Leasing and Properties
 1502 North Big Spring
 P. O. Box 3123
 Midland, Texas 79702

915/684-9819 phone
 915/682-2601 fax

COUNTY: Lea
 STATE: New Mexico
 AREA: Lovington
 DATE: 1/24/03

E/2SE/4 of Section 7, T-16-S, R-37-E, NMPM, containing 80, more or less, from Sovereignty

LEASING RIGHTS	INTEREST (NET ACRES)	COMMENTS
Roy G. Barton, Jr., Trustee of the Roy G. Barton, Sr. and Opal Barton Revocable Trust dated 1- 28-82 AND Individually, 1919 N. Turner, Hobbs, NM 88240-2712 and 2120 Redbud Dr., Las Vegas, NV 89134 (1-505-397-3925)	.0041199 .3295897 ac.	OPEN. Sent offer letter on 2-20-03 for \$200.00-1/4 roy.-3 yr.
Barton Brothers Land, 1919 N. Turner, Hobbs, NM 88240-2712. (1-505-397-3925)	.00708 .5664 ac.	OPEN. Sent offer letter on 2-20-03 for \$200.00-1/4 roy.-3 yr.
Coates Energy Interest, Ltd., P. O. Box 171717, San Antonio, Tx 78217	.0703125 5.625 ac.	OPEN. Sent offer letter on 2-25-03 for \$200.00-1/4 roy.-3 yr.
Coates Energy Trust, Energy Plaza II, Ste. 510, 8610 N. New Braunfels, San Antonio, Tx 78217	.0703125 5.625 ac.	OPEN. Sent offer letter on 2-25-03 for \$200.00-1/4 roy.-3 yr.
Dorothy Mae Wright, Indiv. & as Trustee Under Declaration of Trust dated 3-17-77 F/B/O Willie Mae Coalson Living Trust, 6227 Camino Corto, San Diego, CA 92120(1-619-583-6228)	.046875 3.75 ac.	OPEN. Sent letter on 2-25-03 for \$100-1/4 roy.-3 yr.
Lela Johnson Brown, s & s prop. (daughter is Dorothy Mae Wright)	.046875 3.75 ac.	OPEN. Sold to several different people. Need to check further.
Harry August Miller, III, s & s prop., 1402 Foxwood Cove, Austin, Tx 78704	.000976562 .078125 ac.	OPEN. Sent offer letter 2-25-03 for \$150-1/4 roy.-3 yr.
Margaret Anne Miller Carrico, s & s prop., C/O Mr. Frank Carrico, U. S. Embassy Office, Tokyo, Japan, Unit 45004, Box 204, 96337- 5004(682-8731)	.000976562 .078125 ac.	OPEN. Sent offer letter 2-25-03 for \$150-1/4 roy.-3 yr.
Almadelle Crawford, s & s prop., (from Alma Nation), 5049 Ridge Ave., #274, Las Vegas, NV 89103-5029(1-702-251-8911)	.01171875 .9375 ac.	OPEN. Sent offer letter on 2-20-03 for \$100.00-1/4 roy.-3 yr.
Wm. B. Nation, s & s prop., 1400 Sunkist St., #59, Anaheim, CA 92806-5618(1-714-635-9864) (from Alma Nation)	.01171875 .9375 ac.	OPEN. Sent offer letter on 2-20-03 for \$100.00-1/4 roy.-3 yr.

Jun 26 03 02:23p

William R. Chalfant

682-2601

CHALFANT PROPERTIES, INC.
Oil and Gas Leasing and Properties
 1502 North Big Spring
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 DATE: 1/24/03

E/2SE/4 of Section 7, T-16-S, R-37-E, NMPM, containing 80, more or less, from Sovereignty

LEASING RIGHTS	INTEREST (NET ACRES)	COMMENTS
Joseph M. Nation, Jr., 5221 E. Patterson St., Long Beach, CA 90815-1222 (Joe died his daughter is Janet Rhodes 1-562-425-3374) (from Alma Nation)	.01171875 .9375 ac.	OPEN. Sent offer letter on 2-20-03 for \$100.00-1/4 roy.-3 yr.
Thomas Keller Nation, 3262 Galveston St., Simi Valley, CA 93063 (from Alma Nation thru Earl F. Nation, et al Trustees) (1- 626-355-6652)	.01171875 .9375 ac.	OPEN. Sent offer letter on 2-20-03 for \$100.00-1/4 roy.-3 yr.
Republic Royalty Company, 3738 Oak Lawn Ave., Ste. 300, Dallas, Tx. 75219-4379	.0835875 6.687 ac.	OPEN. Sent offer letter on 2-22-03 for \$200.00-1/4-3 yr..
The Fasken Foundation, P. O. Box 162786, Austin, Tx. 78716- 2786 (1-719-685-0131)	.005625 .45 ac.	OPEN. Sent offer letter 2-25-03 for Sent offer letter 2-25-03 for \$150-1/4 roy.-3 yr. \$200.00-1/4 roy.-2 yrs.
Randy Gelselman, 2700 Racquet Club Dr., Midland, Tx. 79707 (682-8108)	.002025 .162 ac.	OPEN. Sent offer letter 2-25-03 for \$250.00-1/4 roy.-3 yr.
Permian Producers, Inc., P. O. Box 1183, Houston, Tx. 77251- 1183	.010125 .81 ac.	OPEN. Sent offer letter on 2-25-03 for \$200.00-1/4 roy.-3 yr.
Maecenas Minerals, L. L. P., P. O. Box 176, Abilene, Tx.. 79604- 0176	.01108725 .887005 ac.	OPEN. Sent offer letter on 2-25-03 for \$200.00-1/4 roy.-3 yr.
Doris Cross McAdoo, s & s prop., 700 N. Stoneman Ave., Alhambra, CA 91804-1525	.00354 .2832 ac.	OPEN. Sent offer letter on 2-25-03 for \$100.00-3/16 roy.-3 yr.
Wm. Gibbs McAdoo, Jr.	.00354 .2832 ac.	Need to run this name.
Mekuskey Oil Co., 201 S. Mekuskey Ave., Wewoka, OK 74884-0816	.00354 .2832 ac.	OPEN. Sent offer letter on 2-25-03 for \$200.00-1/4 roy.-3 yr.
Brice McAdoo Clagett, 1201 Pennsylvania Ave. NW, Washington, D. C. 20004-2401	.00354 .2832 ac.	OPEN. Sent offer letter on 2-25-03 for \$100.00-3/16 roy.-3 yr.
Norma J. (Barton) Chanley, P. O. Box 729, Hobbs, NM 88240 (1- 505-397-6139)	.00235 .1879882 ac.	OPEN. Sent offer letter on 2-20-03 for \$200.00-1/4 roy.-3 yr. (She will do what Roy G. Barton does)
William G. Hinshaw, 1447 Humu' ula, Kailua, HI 96734	.00177 .1416 ac.	OPEN. Sent offer letter on 2-20-03 for \$100.00-3/16 roy.-3 yr.

Jun 26 03 02:24p

William R. Chalfant

682-2601

p.5

CHALFANT PROPERTIES, INC.
Oil and Gas Leasing and Properties
1502 North Big Spring
P. O. Box 3123
Midland, Texas 79702

915/684-9819 phone
915/682-2601 fax

COUNTY: Lea
STATE: New Mexico
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DATE: 1/24/03

E/2SE/4 of Section 7, T-16-S, R-37-E, NMPM, containing 80, more or less, from Sovereignty

LEASING RIGHTS	INTEREST (NET ACRES)	COMMENTS
Richard F. McAdoo, 4817 45 th St., N. W., Washington, D. C. 20016	.00177 .1416 ac.	OPEN. Sent offer letter on 2-20-03 for \$100.00-3/16 roy.-3 yr.
Blackstone Mineral Company, L.P., 1001 Fannin, Ste. 2020, Houston, Tx. 77002	.078125 6.25 ac	OPEN. Sent offer letter on 2-20-03 for \$200.00-1/5 roy.-3 yr.

TOTAL: .999949649
79.995983 ac.

Posted Date: 12-20-02
Last Instrument: 1196/14
Broker: Gary E. Leascher, CPL

NO WARRANTY OF TITLE EITHER EXPRESSED OR IMPLIED IS MADE TO THE CONTENTS OF THIS REPORT. SAME IS FOR YOUR INFORMATION ONLY.

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION07/09/03 08:51:41
OGOMES -TQA4
PAGE NO: 2

Sec : 07 Twp : 16S Rng : 37E Section Type : NORMAL

3 51.28 MH V06806 0001 CHESAPEAKE EXPLOR 03/01/08	K 40.00 MH V06806 0001 CHESAPEAKE EXPLOR 03/01/08	J 40.00 MH V06806 0001 CHESAPEAKE EXPLOR 03/01/08	I 40.00 Fee owned
4 51.18 MH V06806 0001 CHESAPEAKE EXPLOR 03/01/08	N 40.00 MH V06806 0001 CHESAPEAKE EXPLOR 03/01/08 A	O 40.00 MH V06806 0001 CHESAPEAKE EXPLOR 03/01/08	P 40.00 Fee owned

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

POOL NORTHEAST LOVINGTON - PENNSYLVANIAN

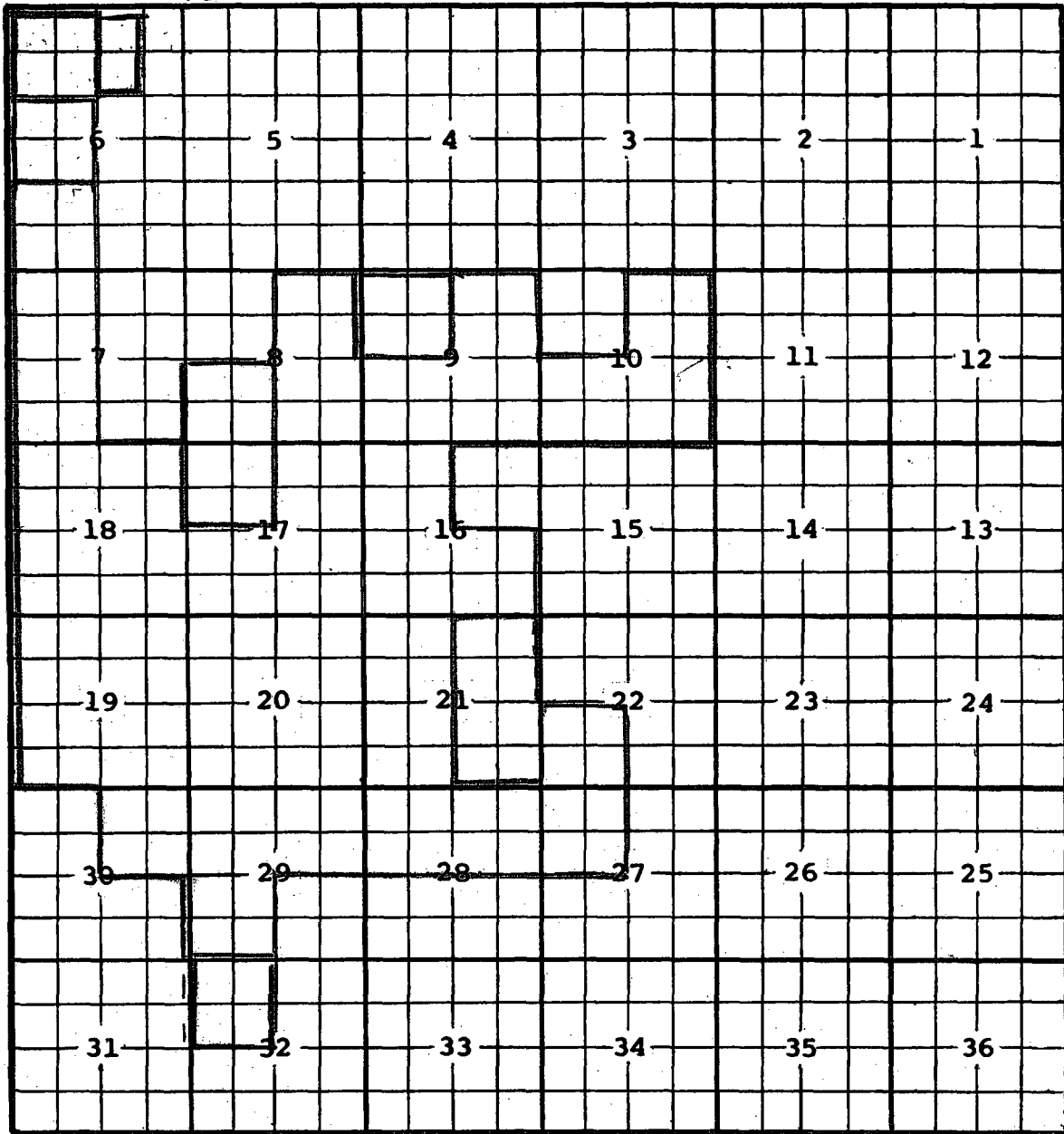
TOWNSHIP

165

RANGE

37E

NMPPM



DECC: SW/4 SEC 16; SE/4 SEC 17; SE/4 SEC 18; ALL SEC 19; NE/4 + SE/2 SEC 20;
 NW/4 SEC 21 (R-3816, 9/14/69, EFFEC: 9/1/69) EXT: NE/4 SEC 12 (R-6328, 5/1/80)
 EXT: NW/4 SEC 29 (R-8536, 1/1/80) EXT: W/2 SEC 18 (R-6724, 7/16/81)
 EXT: SW/4 SEC 7 (R-6923, 3/9/82) EXT: NW/4 SEC 20 (R-7076, 9/27/82)
 EXT: SE/4 SEC 8, NE/4 SEC 17 (R-7322, 8/1/83) EXT: NE/4 SEC 30 (R-7351, 9/19/83)
 EXT: SW/4 SEC 21 (R-7607, 7/27/84) EXT: NW/4 SEC 28 (R-7800, 1/31/85)
 EXT: S/2, NE/4 SEC 9 (R-7858, 3/28/88) EXT: NE/4 SEC 28 (R-7959, 6/12/85)
 EXT: NE/4 SEC 8, S/2 SEC 10 (R-8193, 3/21/86) EXT: SW/4 SEC 17, NE/4 SEC 29 (R-8214, 5/1/86)
 EXT: SW/4 SEC 6, NW/4 SEC 7 (R-8388, 1/14/87) EXT: SE/4 SEC 16 (R-8409, 3/7/87)
 EXT: NW/4 SEC 16, SW/4 SEC 29 (R-8584, 1/11/88) EXT: NE/4 SEC 10 (R-8603, 2/19/88)
 EXT: SW/4 SEC 8, NW/4 SEC 17, NW/4 SEC 32 (R-8826, 12-22-88) EXT: E/2 SEC 21
 (R-8946, 7-1-89) EXT: LOTS 11, 12, 13, 14 SEC 4 (R-8772, 11-1-88) EXT: LOTS 3, 4, 5, 6 SEC 6 (R-10774, 4-13-98)
 EXT: LOTS 2 and 7 SEC 1 (R-11111, 1-7-00) EXT: NW/4 SEC 1 (R-11224, 2-20-02)