

BEFORE THE
OIL CONSERVATION DIVISION
Case No.13287 Exhibit No. 4
Submitted By:
Chesapeake Inc.
Hearing Date: June 24, 2004

KELLAHIN & KELLAHIN
Attorney at Law

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

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.net

June 1, 2004

CERTIFIED MAIL-RETURNED RECEIPT REQUESTED

TO: NOTICE OF THE HEARING OF THE FOLLOWING NEW
MEXICO OIL CONSERVATION DIVISION CASE:

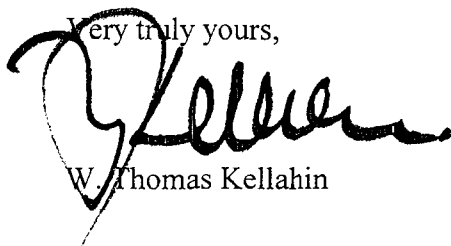
Re: Application of Chesapeake Permian, L.P.
for Compulsory Pooling and an Unorthodox
Well Location, Lea County, New Mexico

On behalf of Chesapeake Permian, L.P., please find enclosed our application for an compulsory pooling order for the NE/4NW/4 of Section 22, T12S, R38E to the dedicated to its State "22" Well No. 2 which has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for June 24, 2004. The hearing will be held at the Division hearing room located at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant Division Rule 1208.B, parties appearing in cases are required to file a Pre-Hearing Statement with the Division not later than 5:00 PM on Friday, June 18, 2004, with a copy delivered to the undersigned. This statement must include: the names of all witnesses the party will call to testify at the hearing; the approximate time of the party will need to present its case, and identification of any procedural matters that are to be resolved prior the hearing. In addition, the Division will impose a 200% risk charge unless you declare in this Pre-Hearing Statement you intention to oppose it. Please note that the burden of proof as to this issue will be yours.

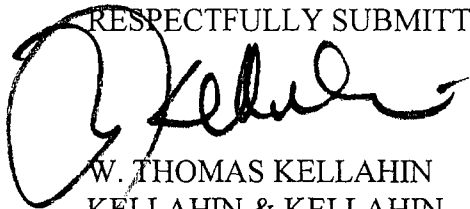
Very truly yours,



W. Thomas Kellahin

- (2) Provisions for applicant and all working interest owners to participate in the costs of re-entering, completing, equipping and operating the well;
- (3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504
Telephone: (505) 982-4285
Fax: (505) 982-2047

EXHIBIT "A"

Matrix Production Company and
Matrix New Mexico Holdings, LLC
5725 Commonwealth Blvd.
Sugar Land, TX 77479

EXHIBIT "B"

Offsetting Notice:

Section 15, Unit N:

Operator: Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Section 15, Unit O:

Section 22, Unit B:

Operator: Chesapeake

Working interest owners: see attached following page

Claude C. Arnold Working Interest Oil & Gas Properties, LLC	4323 NW 63rd St. Suite 200 Oklahoma City OK 73116
Blake Arnold Working Interest Oil & Gas Properties, L.L.C.	4323 NW 63rd Street Suite 200 Oklahoma City OK 73116
Tropical Minerals, Inc.	P O Box 20671 Oklahoma City OK 73156-0671
Monarch Resources, L.L.C.	P O Box 1197 Oklahoma City OK 73156-0671
David C. Story	1816 Rising Star Edmond OK 73034
Cardinal River Farm, Inc.	5100 Wisteria Road Oklahoma City OK 73142
Larry Fenity	2301 Brookside Avenue Edmond OK 73034
H. J. Freede, Inc.	430 NW 13th Street Oklahoma City OK 73103
Rehoboth, Inc.	20 N. Broadway, Ste 1800 Oklahoma City, OK 73102
J. Durwood Pate Trust	3625 Goodger Oklahoma City OK 73112
James D. Pate, Jr. Trust u/t/a 8-8-86	3625 Goodger Oklahoma City OK 73112
Joe H. Pate Trust	3625 Goodger Oklahoma City OK 73112
Discovery Exploration	410 North Main Midland, Texas 79701
Jon G. Massey	P. O. Box 57597 New Orleans, LA 70157
Enerstar Resources Oil & Gas LLC	P.O. Box 606 Carlsbad, NM 88221
Chesapeake Permian, LP	
Stephen R. Howard	3311 Beachwater Drive Katy, TX 77450

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the package to you if delivery is not possible.

Matrix Production Co. & Matrix NM Holdings, LLC
5725 Commonwealth Blvd.
Sugar Land, TX 77479

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] ☒ Agent ☐ Addressee ☐
Received by (Printed Name) Mike Smith Date of Delivery 6-7-04
Delivery address different from item 1? ☐ Yes ☐ No
YES, enter delivery address below:

Chesapeake
State 22 Well #2
June 24, 2004
6/2/04

Article Number (Transfer from service label) 7004 0750 0000 9050 8922

102595-02-M-1540

Domestic Return Receipt

PS Form 3811, August 2001

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the package to you if delivery is not possible.

Yates Petroleum Corp.
105 South Fourth Street
Artisia, NM 88210

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] ☒ Agent ☐ Addressee ☐
Received by (Printed Name) KATHY DONAGHE Date of Delivery JUN 04 2004
Delivery address different from item 1? ☐ Yes ☐ No
YES, enter delivery address below:

Chesapeake
State 22 Well #2
June 24, 2004
6/2/04

Article Number (Transfer from service label) 7002 2030 0007 1208 5052

102595-02-M-1540

Domestic Return Receipt

PS Form 3811, August 2001

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the package to you if delivery is not possible.

Blake Arnold Working Interest Oil & Gas Prop. LLC
4323 NW 63rd St. Suite 200
Oklahoma City, OK 73116

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] ☒ Agent ☐ Addressee ☐
Received by (Printed Name) Carol Wagner Date of Delivery 6-4-04
Delivery address different from item 1? ☐ Yes ☐ No
YES, enter delivery address below:

Chesapeake
State 22 Well #2
June 24, 2004
6/2/04

Article Number (Transfer from service label) 7004 0750 0000 9050 8946

102595-02-M-154

Domestic Return Receipt

PS Form 3811, August 2001

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the package to you if delivery is not possible.

Claude C Arnold Working Interest Oil & Gas Prop.
4323 NW 63rd st. Suite 200
Oklahoma City, OK 73116

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] ☒ Agent ☐ Addressee ☐
Received by (Printed Name) Carol Wagner Date of Delivery 6-4-04
Delivery address different from item 1? ☐ Yes ☐ No
YES, enter delivery address below:

Chesapeake
State 22 Well #2
June 24, 2004
6/2/04

Article Number (Transfer from service label) 7004 0750 0000 9050 8939

102595-02-M-15

Domestic Return Receipt

PS Form 3811, August 2001

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the package to you.
 H. J. Freede, Inc
 430 NW 13th Street
 Oklahoma City, OK 73103

COMPLETE THIS SECTION ON DELIVERY

A. Signature *H. J. Freede*
 Received by (Printed Name) *H. J. Freede*
 Is delivery address different from item 1? ☐ Yes ☒ No
 If YES, enter delivery address below:

Chesapeake
 State 22 Well #2
 June 24, 2004
 6/2/04

Article Number 7004 0750 0000 9050 8984
 (Transfer from service label)
 PS Form 3811, August 2001
 Domestic Return Receipt
 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the package to you.
 H. J. Freede, Inc
 430 NW 13th Street
 Oklahoma City, OK 73103

COMPLETE THIS SECTION ON DELIVERY

A. Signature *H. J. Freede*
 Received by (Printed Name) *H. J. Freede*
 Is delivery address different from item 1? ☐ Yes ☒ No
 If YES, enter delivery address below:

Chesapeake
 State 22 Well #2
 June 24, 2004
 6/2/04

Article Number 7004 0750 0000 9050 8985
 (Transfer from service label)
 PS Form 3811, August 2001
 Domestic Return Receipt
 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the package to you.
 Enerstar Resources Oil & Gas Co.
 PO Box 606
 Carlsbad, NM 88221

COMPLETE THIS SECTION ON DELIVERY

A. Signature *E. J. Johnson*
 Received by (Printed Name) *E. J. Johnson*
 Is delivery address different from item 1? ☐ Yes ☒ No
 If YES, enter delivery address below:

Chesapeake
 State 22 Well #2
 June 24, 2004
 6/2/04

Article Number 7004 0750 0000 9050 9042
 (Transfer from service label)
 PS Form 3811, August 2001
 Domestic Return Receipt
 102595-01-M-0

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the package to you.
 Tropical Minerals, Inc
 PO Box 20671
 Oklahoma City, OK 73156-0671

COMPLETE THIS SECTION ON DELIVERY

A. Signature *T. J. Smith*
 Received by (Printed Name) *T. J. Smith*
 Is delivery address different from item 1? ☐ Yes ☒ No
 If YES, enter delivery address below:

Chesapeake
 State 22 Well #2
 June 24, 2004
 6/2/04

Article Number 7004 0750 0000 9050 8953
 (Transfer from service label)
 PS Form 3811, August 2001
 Domestic Return Receipt
 102595-01-M-0

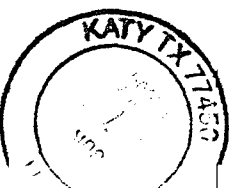
SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse of this form so that we can return it to you.
 Attach to the back of the form or on the inside of the box.

1. Article A

COMPLETE THIS SECTION ON DELIVERY

A. Signature Stephen R. Howard ☒ Agent ☐ Addressee
 B. Received by (Printed Name) Stephen R. Howard
 C. Date of Delivery 6/2/04
 Delivery address different from item 1? ☐ Yes ☐ No
 ES, enter delivery address below:



Chesapeake
 State 22 Well #2
 June 24, 2004
 6/2/04

Article Number
 (Transfer from service label)

7002 0510 0003 4614 9530

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-0381

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse of this form so that we can return it to you.
 Attach to the back of the form or on the inside of the box.

1. Article A

COMPLETE THIS SECTION ON DELIVERY

A. Signature Melinda Winter ☒ Agent ☐ Addressee
 B. Received by (Printed Name) Melinda Winter
 C. Date of Delivery 6/7/04
 Delivery address different from item 1? ☐ Yes ☐ No
 ES, enter delivery address below:

Chesapeake
 State 22 Well #2
 June 24, 2004
 6/2/04

Article Number
 (Transfer from service label)

7004 0750 0000 9050 9035

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-0381

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse of this form so that we can return it to you.
 Attach to the back of the form or on the inside of the box.

1. Article A

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] ☒ Agent ☐ Addressee
 B. Received by (Printed Name) [Signature]
 C. Date of Delivery 6-8
 Delivery address different from item 1? ☐ Yes ☐ No
 ES, enter delivery address below:

Rehoboth Inc
 20 N. Broadway Ste 1800
 Oklahoma City, OK 73102

Chesapeake
 State 22 Well #2
 June 24, 2004
 6/2/04

Article Number
 (Transfer from service label)

7004 0750 0000 9050 8908

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-11

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse of this form so that we can return it to you.
 Attach to the back of the form or on the inside of the box.

1. Article A

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] ☒ Agent ☐ Addressee
 B. Received by (Printed Name) [Signature]
 C. Date of Delivery 6/4/04
 Delivery address different from item 1? ☐ Yes ☐ No
 ES, enter delivery address below:

Larry Fenity
 2301 Brookside Ave
 Edmond, OK 73034

Chesapeake
 State 22 Well #2
 June 24, 2004
 6/2/04

Article Number
 (Transfer from service label)

7004 0750 0000 9050 9011

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

David Story
1816 Rising Star
Edmond, OK 73034

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
Received by (Printed Name) ☐ Addressee

C. Date of Delivery

Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

Chesapeake

State 22 Well #2
June 24, 2004
6/2/04

Article Number
(Transfer from service label)

7004 0750 0000 9050 8977

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

J. Durwood Pate trust
3625 Goodger
Oklahoma City, OK 73112

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
Received by (Printed Name) ☐ Addressee

C. Date of Delivery

Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

Chesapeake

State 22 Well #2
June 24, 2004
6/2/04

Article Number
(Transfer from service label)

7004 0750 0000 9050 9004

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-0381

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse

JAMES D Pate JR.
Trust 4/4/04 8-8-86
3625 Goodger
Oklahoma, OK 73112

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
Received by (Printed Name) ☐ Addressee

C. Date of Delivery

Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

Chesapeake

State 22 Well #2
June 24, 2004
6/2/04

Article Number
(Transfer from service label)

7004 0750 0000 9050 8991

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse

J. Durwood Pate Trust
3625 Goodger
Oklahoma City, OK 73112

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
Received by (Printed Name) ☐ Addressee

C. Date of Delivery

Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

Chesapeake

State 22 Well #2
June 24, 2004
6/2/04

Article Number
(Transfer from service label)

7004 0750 0000 9050 8892

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-11

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Chesapeake
State 22 Well #2
June 24, 2004
6/2/04

Rel
(Endorse)
Restrict
(Endorse)

Jon G Massey
PO Box 57597

New Orleans, LA 70157

Total F

Sent To

Street, 7

or PO B

City, Sta

PS Form 3800, June 2002 See Reverse for Instructions

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Chesapeake
State 22 Well #2
June 24, 2004
6/2/04

Postage \$

mark
re

Monarch Resources LLC
PO Box 1197

Oklahoma City, OK 73156-
0671

Se

St

or

City

PS Form 3800, June 2002 See Reverse for Instructions