March 9, 2005

VIA FACSIMILE (918) 591-1796 & EXPRESS MAIL

Ms. Mona Ables Samson Resources Company 2 W. 2nd St. Tulsa, OK 74103

Re:

Chesapeake's Proposed KF State 4 #1 S/2 Section 4-21S-35E

Lea County, New Mexico

Dear Sir or Madam:

Chesapeake Operating, Inc., on behalf of Chesapeake Permian, LP ("Chesapeake"), hereby proposes to drill the KF State 4 #1 well to an approximate depth of 12,100', or a depth sufficient to test the Morrow Formation and all other potentially productive formations encountered in the captioned well.

Please indicate the option of Samson Resources Company's ("Samson") choice below, sign and return this letter by facsimile, if available, to our office at (405) 767-4251, followed by a hard copy in the mail. If Samson elects to participate in the proposed operation, please also execute and return the enclosed AFE along with a check in the amount of \$76,812.50 (6.250000% WI X \$1,229,000.00), which represents Samson's share of the AFE dry hole costs. Please also include a Well Requirement Sheet containing a contact name, facsimile number and e-mail address, if available, to insure receipt of well information.

As an alternative to the above, Chesapeake would be interested in purchasing Samson's interest, including any producing well bores, subject to the negotiation of a mutually agreeable price and terms. If Samson is interested in pursuing this alternative, please so indicate in the space provided below and/or contact the undersigned. We will immediately forward this information to our Acquisitions and Divestitures Department for follow up. However, please be advised that entering into negotiations to sell Samson's interest does not excuse or allow Samson to delay the required election under this well proposal.

BEFORE THE
OIL CONSERVATION DIVISION
Case # 13492&13493 Exhibit No.__
Submitted By:
Chesapeake Inc.
Hearing Date: August 22, 2005

Ms. Mona Ables March 9, 2005 Page 2 of 2

Your early attention and response to this proposal will be greatly appreciated. Should you have any questions, please contact the undersigned. Sincerely, Chesapeake Operating, Inc. Lynda F. Townsend __ Samson Resources Company hereby elects to participate in the KF State 4 #1. Samson Resources Company hereby elects not to participate in the KF State 4 #1. SAMSON RESOURCES COMPANY By:___ Name:_____ Samson Resources Company is interested in selling its interest in this unit including any producing well bores. Please contact me to discuss.

W/Perman-Operated Wellsik/Listen 4 #1/Certified Letters docOperated Wellsik/Fistate 4 #1_Certified Letters doc

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Lynda F. Townsend, CPL/ESA
Senior Landman

March 9, 2005

VIA FACSIMILE (918) 591-1796 & EXPRESS MAIL

Ms. Mona Ables Samson Resources Company 2 W. 2nd St. Tulsa, OK 74103

Re: Chesapeake's Proposed KF State 4 #1

S/2 Section 4-21\$-35E Lea County, New Mexico

Dear Sir or Madam:

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CHESAPEAKE OPERATING, INC.

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	Elowoul/Emergoncies	\$0.00	\$0.9
		\$0,00 \$11,000.00	\$0.0 \$12,000,0
	Technical Labor	\$11,000.00	\$12,000.0
	Direct Labor	\$13,000.00 \$26,000.00	\$14,000.0
	Company Overhead	\$26,000,00 \$11,000,00	\$45,000.0 \$12,000.0
	In automore	\$19,000,00	\$19,000,0
	Plug to Abandon 0% Continuency	\$0.00 \$0.00	\$0,0 \$0.0
.	Total Interoplate Conte	\$1,045,000.00	\$1,627,000.0
TANGELE COSTS	WORK DESCRIPTION Conductor:		
Pubulara:	Southon Contract 13-3/8" 450"	\$0,09 \$14,000,00	\$0.0 \$14,000.0
,	Intermediate Casho: 9-59° 5.350'	\$149,600.00	\$149,000.0
	Production Ceeing: 5-1/2" 12,100"		\$160,000,0
	Producton I base	\$0.00	\$0.0 \$0.0
	Flost Equipment	\$4,000,00	\$15,000,0
Lance Street -	Tuaina: 2-7/6" 12,000"	\$0.00	\$54,000.0 \$41,000.0
cosm editionent	Downhole Equipment	\$0.00	\$18,000.0
	Arthitial Lift-Pumping Unit	\$0.00	\$0.0
	Production Equipment	\$0.00	\$85,000.0
	Ploeine Environent	\$0,00 \$0.00	\$0.0 \$0.0
	Non-Controllation Squipment	\$0.00	6 0.0
	6% Confingency	10,00	10,0
- 1	Total Costs	\$184,000,00 \$1,229,000.00	\$485,000.0
repared by: <u>OPD</u>	Production Equipment Compressor/Compression Papeline Equipment Non-Controllatins Squipment (%), Contingent Total Tangible Cotta	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$184,000,00	
~ . !	270		
	Operations/Geology	DATE:	
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WW// / /		S siring	8/05
	OVAL:	Production Cesting: 6-1/2" 12,100' Ording Univ. Production Liner: Production Liner: Production Liner: Production Liner: Production Liner: Plant Explanment Tubing: 2-7/9" 12,000' Walfalted Estriptiont Environment Non-Contributions Beginnered Production Environment Non-Contribution Sequence Production	Production Cestary: 6-1/2* 12.100* 30.00

The costs on this AFE are estimates only and may not be construed as callings on any specific item or the total cost of the project. In secondary this AFE, the participant agrees to pay its proportionate share of sectual costs incurred, including legal, curative, regulatory, between any well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. The Operator may contract with an affiltated early to diff the well at preventing rates it has area. Participant shall be covered by and blad proportionately for Operator's well control and general Bealthy Insurance unious positional provides Operator a cartificate evidencing its own harmonic in name and are proportional to the Control.



Lynda F. Townsend, CPL/ESA
Senior Landman

March 9, 2005

VIA FACSIMILE (918) 591-1796 & EXPRESS MAIL

Ms. Mona Ables Samson Resources Company 2 W. 2nd St. Tulsa, OK 74103

Re:

Chesapeake's Proposed KF State 4 #1

S/2 Section 4-21S-35E Lea County, New Mexico

Dear Sir or Madam:

Chesapeake Operating, Inc., on behalf of Chesapeake Permian, LP ("Chesapeake"), hereby proposes to drill the KF State 4 #1 well to an approximate depth of 12,100', or a depth sufficient to test the Morrow Formation and all other potentially productive formations encountered in the captioned well.

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As an alternative to the above, Chesapeake would be interested in purchasing Samson's interest, including any producing well bores, subject to the negotiation of a mutually agreeable price and terms. If Samson is interested in pursuing this alternative, please so indicate in the space provided below and/or contact the undersigned. We will immediately forward this information to our Acquisitions and Divestitures Department for follow up. However, please be advised that entering into negotiations to sell Samson's interest does not excuse or allow Samson to delay the required election under this well proposal.

Chesapeake Energy Corporation 6100 N. Western Ave. • Oklahoma City, OK 7311X • P.O. Box, 18496 • Oklahoma City, OK 73154-0496 405:879:9414 • fax 405 767:4251 • Rownend@chkenergy.com

24 • NCVV AT 27 1/2005 2:00:59 FM [Central Standard Time] * SVR:FAXSRVAN * DMS:7156 * CSID:Samson * DURATION Imm-ss]:00-00/1-18



Ms. Mona Ables March 9, 2005 Page 2 of 2

Your early attention and response to this proposal will be greatly appreciated. Should you have any questions, please contact the undersigned.

you have any questions, picase contact the universigned.
Sincerely,
Chesapeake Operating, Inc.
Linda J. / ownsond
Lynda F. Townsend
Samson Resources Company hereby elects to participate in the KF State 4 #1.
Samson Resources Company hereby elects not to participate in the KF State 4 #1.
SAMSON RESOURCES COMPANY
By: Marl R. Hantt
Name: Marlin & Garrett
Title: Vice President
Date: 3/22/05
Sameon Recourage Company is interested in colling its interest in this unit
Samson Resources Company is interested in selling its interest in this unit including any producing well bores. Please contact me to discuss.

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The costs of 15% APE are authorized only and play not be summanded as college on any appeals then or the tolar deal of the project. In excepting that APE, the project agrees to pay be proportionate where of social code breated, including logal, complex, expellent, including logal, complex, expellent, including logal, complex, and including logal, control, the following the rest.

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