

FAX COVER SHEET

Message:

▶ Hard copy to follow via Fed-X.

Page: 1 of 16

**CALL (915)-684-4011 IF THERE ARE ANY PROBLEMS WITH THIS TRANSMISSION
OUR FAX NUMBER IS (915)-682-7616**

DOYLE HARTMAN
Oil and Natural Gas Operator
500 NORTH MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

(432) 684-4011
(432) 682-7616 FAX

June 20, 2003

Via Facsimile (505) 476-3462 and Fed-Ex
New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, NM 87505
Attn: Michael E. Stogner, Chief Hearing Officer
Lori Wrotenbery, Director

Via Facsimile (405) 879-9535, Fed-Ex and Certified Mail, Return Receipt Requested
Chesapeake Energy Corporation
6100 N. Western Avenue
Oklahoma City, Oklahoma 73118
Attn: Lynda F. Townsend, Landman
Andrew McCalmot, Engineer

Via Facsimile (505) 982-2047, Fed-Ex and Certified Mail, Return Receipt Requested
Kellahin and Kellahin, Attorney at Law
117 North Guadalupe
Santa Fe, New Mexico 87501
Attn: W. Thomas Kellahin, Attorney

Re: Chesapeake Operating, Inc.'s proposed Barber-Adkins "8" No. 1 well
660' FNL and 660' FWL
NW/4 Section 8, T-20-S, R-37-E
Lea County, New Mexico

Ladies and Gentlemen:

Reference is made to Chesapeake Operating, Inc.'s (Chesapeake's) June 18, 2003 Monument-Tubb Compulsory Pooling Application (received by us today, June 20, 2003) corresponding to Chesapeake's proposed re-entry of the plugged and abandoned Barber-Adkins "8" No. 1 well situated in the NW/4NW/4 Section 8, T-20-S, R-37-E, Lea County, New Mexico (copy enclosed).

In this regard, a review of information furnished by Chesapeake, to date, reveals that Chesapeake has not prepared and furnished (1) an essential **detailed** engineering re-entry prognosis, nor (2) a carefully-prepared **detailed** AFE, pertaining **specifically** to the re-entry and completion of the Barber-Adkins "8" No. 1 well as a Monument-Tubb gas producer, i.e., Chesapeake's new Tubb

Chesapeake Operating, Inc.
June 20, 2003
Page 2

AFE (faxed today) is very similar to its initial Abo AFE. In addition, we have not been furnished with comprehensive geological data documenting that a well location consisting of the NW/4NW/4 Section 8 would be the optimum geological location for a sole Monument-Tubb gas well in the NW/4 Section 8, T-20-S, R-37-E.

Chesapeake also has not furnished information concerning the current mechanical integrity of the 40-year old Barber-Adkins "8" No. 1 well, nor any information as to how Chesapeake proposes to return the wellbore to sound mechanical integrity, if necessary.

Since Doyle Hartman owns a net 40 acres (25%) of Chesapeake's proposed 160-acre Monument-Tubb gas proration unit, consisting of the NW/4 Section 8, T-20-S, R-37-E, and will be responsible for paying 25% of the bills, we believe that it is essential that Chesapeake furnish (1) a detailed and accurate engineering re-entry prognosis, and (2) a detailed and accurate AFE, corresponding specifically to the re-entry and completion of the subject well as a Monument-Tubb gas producer. It is also essential that sufficient geological information be provided documenting that D-8-20S-37E is the optimum geological location for a Tubb gas well, in the NW/4 Section 8, since NMOCD procedures typically provide for only one well per 160 acres.

Recognizing that Chesapeake presently owns only a 15% working interest in a proposed Monument-Tubb completion, corresponding to the 160 acres consisting of the NW/4 Section 8, but would own 100% of a successful deeper Abo completion, we consider Chesapeake's June 18, 2003 Compulsory Pooling Application to be premature, and not in good faith, in light of Chesapeake's failure to timely furnish the above referenced essential decision-making information. Since the object of re-entering the Barber-Adkins "8" No. 1 well should be to efficiently achieve maximum hydrocarbon recovery, it is essential that all working interest participants be timely furnished sufficient, accurate, and detailed information as to how and why the proposed well work is to be performed, especially since the party that is proposing the work may presently own the smallest working interest in the proposed 160-acre Monument-Tubb proration unit, but would own 100% of a successful deeper Abo objective.

Moreover, we also find Chesapeake's June 18, 2003 Compulsory Pooling Application to be confusing and misleading.

Paragraphs 4 and 5 of the June 18, 2003 Compulsory Pooling Application state:

4. If the re-entry is productive from the Abo formation, the Chesapeake controls 100% of the Working interest Ownership and no compulsory pooling order is required.
5. In the alternative, if the re-entry is productive from the Tubb formation, the

Chesapeake Operating, Inc.
June 20, 2003
Page 3

Chesapeake controls 15% of the working interest ownership and a compulsory pooling order is not required.

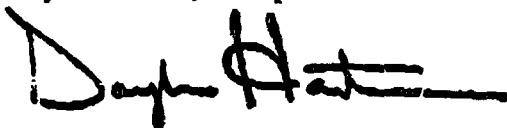
However, in Chesapeake's C-103, dated April 10, 2003 (copy enclosed), Chesapeake allegedly amended the proposed re-entry depth, of the Barber-Adkins "8" No. 1, to a depth of 6550', and the target formation to the Tubb. In consideration of an amended depth of 6550', we are highly confused as to why there is a discussion, in Chesapeake's June 18, 2003 Compulsory Pooling Application, regarding a successful Abo completion, since Chesapeake's C-103, of April 10, 2003, classifies the primary re-entry target as the Tubb, at a total depth of 6550'.

As can be gleaned from available information, it appears that Chesapeake is rushing its Compulsory Pooling Application, and that Chesapeake and its attorney may be confused as to project objective, which circumstance places all other parties in absolute and total darkness; i.e., an intelligent decision cannot be made by the affected parties without accurate and sufficient information being published.

In light of the foregoing, please consider this letter as notice that we are presently evaluating the deepening of either our presently abandoned Britt "B-8" No.2 or Britt "B-8" No. 3 wellbore (NE/4NW/4 Section 8), to a new total depth of 6600', and the completion of one of the two wells as a Tubb producer. By deepening our own existing wellbore, we will not be dependent upon Chesapeake to furnish reliable and essential information upon which to base a very important economic decision. Likewise, by deepening our own wellbore, we can ensure that all monies will be carefully and properly spent, and that we are not having to pay unnecessary well costs associated with testing a deeper geological objective (Abo), from which we will derive no economic benefit.

Very truly yours,

Doyle Hartman, Oil Operator



Doyle Hartman
Owner

cc: Pogo Producing Company (formerly Arch Petroleum, Inc.)
300 N. Marienfeld, Suite 600
Box 10340
Midland, Texas 79702
Attn: J.A. Cooper, Executive VP/Regional Manager
R.L. Wright, Division Operations Manager
Terry Gant, Division Landman

Chesapeake Operating, Inc.

June 20, 2003

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J.E. Gallegos
Gallegos Law Firm
460 St. Michaels Dr., Bldg. 300
Santa Fe, NM 87505

Doyle Hartman, Oil Operator-Midland
Steve Hartman
Don Mashburn
John Allred
Sheila Potts
Linda Land

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
June 18, 2003

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

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

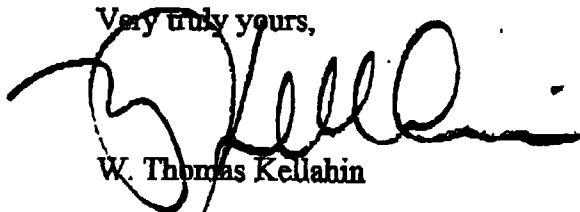
Re: Application of Chesapeake Operating, Inc.
for Compulsory Pooling, Lea County, New Mexico

On behalf of Chesapeake Operating, Inc., please find enclosed our application for an compulsory pooling order for its Barber Adkins "8" Well No. 1 which has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for July 10, 2003. The hearing will be held at the Division hearing room located at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505.

As an interest owner who 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 to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, July 4, 2003, with a copy delivered to the undersigned.

Very truly yours,



W. Thomas Kellahin

cc: BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED
to all parties listed in application

DOYLE HARTMAN
OIL OPERATOR
RECEIVED

JUN 20 2003

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

**IN THE MATTER OF THE APPLICATION
OF CHESAPEAKE OPERATING, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO.

APPLICATION

CHESAPEAKE OPERATING, INC. ("Chesapeake") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks an order pooling all mineral interests in the Tubb formation underlying the NW/4 of Section 8, T20S, R37E, NMPM, Lea County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Tubb formation including but not limited to the West Monument-Tubb Gas Pool. This unit is to be dedicated to its Barber Adkins "8" Well No. 1 which is to be re-entered and tested in the Tubb formation at a standard well location in Unit D of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well.

In support of its application Chesapeake states:

1. Chesapeake has a working interest ownership in the oil and gas minerals from the Tubb formation underlying the NW/4 of Section 8, T20S, R37E, NMPM, Lea County, New Mexico.
2. The subject tract is located within the boundaries of the West Monument-Tubb Gas Pool.

3. The Barber Adkins "8" Well No. 1 was originally drilled to the Ellenburger formation. Chesapeake plans to re-enter this wellbore to test the Tubb and/or Abo formations. The well is located at a standard gas well location in the Unit D of Section 8 .

4. If the re-entry is productive from the Abo formation, the Chesapeake controls 100% of the Working interest Ownership and no compulsory pooling order is required.

5. In the alternative, if the re-entry is productive from the Tubb formation, the Chesapeake controls 15% of the working interest ownership and a compulsory pooling order is not required.

6. Chesapeake despite its efforts has been unable to obtain the voluntary agreement the remaining working interest owner(s) in the proposed 160-acre Tubb gas spacing unit as identified on Exhibit "A."

7. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Chesapeake needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

8. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for July 10, 2003.

WHEREFORE, Chesapeake, as applicant, requests that this application be set for hearing on July 10, 2003 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

(1) Chesapeake Operating, Inc. be named operator;

(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"

Doyle Hartman
P.O. Box 10426
Midland, Texas 79702

Arch Petroleum, Inc.
P.O. Box 10340
Midland, Texas 79702

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., 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-103
 Revised March 25, 1999

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		WELL API NO. 30-025-20436 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> 6. State Oil & Gas Lease No.
2. Name of Operator Chesapeake Operating, Inc.		7. Lease Name or Unit Agreement Name: Barber-Adkins 8
3. Address of Operator P. O. Box 18496, Oklahoma City, OK 73154-0496		8. Well No. 1
4. Well Location Unit Letter <u>D</u> : <u>660</u> feet from the <u>south</u> line and <u>660</u> feet from the <u>West</u> line Section <u>8</u> Township <u>20S</u> Range <u>37E</u> NMPM Lea County		9. Pool name or Wildcat Monument Tubb, West
10. Elevation (Show whether DR, RKB, RT, GR, etc.) GR: 3556'		

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☒

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Chesapeake desires the following changes:

- 1) The well depth will be 6,550'
- 2) The Formation will be the Tubb
- 3) The pool is the Monument Tubb, West

See attached C-102



MAY 30 2003



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

SIGNATURE Barbara J. Bale TITLE Regulatory Analyst DATE 04/10/03

Type or print name Barbara J. Bale
 (This space for State use)

Telephone No. (405) 848-8000

APPROVED BY

Conditions of approval, if any:

ORIGINAL SIGNED BY
 TITLE PAUL F. KAUTZ
PETROLEUM ENGINEER

DATE APR 15 2003

State of New Mexico

DISTRICT I

P.O. Box 1080, Hobbs, NM 88241-1080

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. Box 90, Artesia, NM 88211-0090

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III

1800 N. H Street P.O., Artesia, NM 87410

DISTRICT IV

P.O. Box 9080, Santa Fe, N.M. 87504-2080

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-20436	Pool Code	Pool Name Monument Tubb, West
Property Code 32159	Property Name BARBER ADKINS 8	Well Number 1
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 3556'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	8	20-S	37-E		660'	NORTH	660'	WEST	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

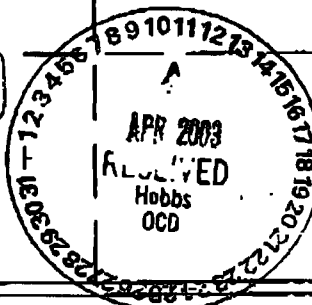
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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

	<p>GEODETIC COORDINATE SPC NME NAD 1927 Y = 581078.4 X = 824548.9 LAT. 32°35'35.08"N LONG. 103°16'48.45"W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Lynda F. Townsend</i> Signature Lynda F. Townsend Printed Name Landman Title 4-10-03 Date</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MARCH 4, 2003 Date EIDSON Signature Professional Seal 03.11.02 Certified by EIDSON 3239 12641</p>

DOYLE HARTMAN
OIL OPERATOR
RECEIVED

MAY 30 2003



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 ResourcesOil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505Copy file, AMc, CA, LT, 598
NavasotaForm C-101
Revised March 17, 1999Submit 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**

Operator Name and Address Chesapeake Operating, Inc. P. O. Box 18496 Oklahoma City, OK 73154-0496		OGRIID Number 147179
Property Code 32159		API Number 30-025-20436
Property Name Barber-Adkins 8		Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	8	20S	37E		660	South	660	West	Lea

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
Proposed Pool 1 Monument West Abo SE					Proposed Pool 2				

Work Type Code E	Well Type Code Gas	Cable/Retrieval R	Lease Type Code P	Ground Level Elevation GR: 3556'
Multiple N	Proposed Depth 7,500'	Formation Abo	Contractor Will Advise	Spud Date 04/31/03

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#	1048'	448	10'
12-1/4"	9-5/8	36# & 40#	4967'	1140	400'

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.

Re-Entry

COI proposes to wash well down to casing; test Abo and Tubbs formation for productivity.

RECEIVED
MAY 8 0 2003

Permit Expires 1 Year from Approval Date Unless Drilling Underway

Re-entry

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Barbara J. Bale*

Printed name: Barbara J. Bale

Title: Regulatory Analyst

Date: 03/27/03

Phone: (405) 848-8000

OIL CONSERVATION DIVISION

Approved by:

ORIGINAL SIGNED BY:
PAUL F. KAUTZ

Title:

PETROLEUM ENGINEER

Approval Date:

APR 01 2003

Expiration Date:

Conditions of Approval:

Attached ☐



Lynda F. Townsend, CPL/ESA
Landman

May 26, 2003

Mr. Doyle Hartman
500 N. Main
Midland, TX 79702

Re: Chesapeake's Proposed Barber Adkins 1-8 (Re-Entry)
NW/4 Section 8-20S-37E
Lea County, New Mexico

Dear Mr. Hartman:

Pursuant to your request, enclosed please find the following data for the captioned re-entry:

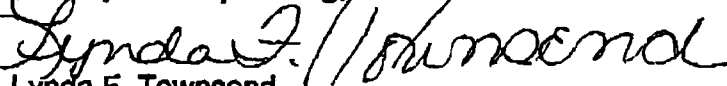
1. Permit to Drill (Abo formation), Amended Permit to Drill (Tubb formation),
2. Monument Prospect Map (wells drilled to Paddock or deeper),
3. Stratigraphic Cross-Section correlated to the prospect map,
4. Chesapeake's standard form Joint Operating Agreement.

An amended AFE is being prepared for the Tubb completion and will be forwarded to you immediately upon my receipt of same. Should you have any questions, please give me a call.

Chesapeake is going forward with this project and would like to reach a settlement with you before the filing deadline for a pooling hearing with the Oil Conservation Division. I would appreciate your response at your earliest convenience.

Very truly yours,

Chesapeake Operating, Inc.


Lynda F. Townsend



MAY 30 2003

Chesapeake Energy Corporation
6100 N. Western Ave. • Oklahoma City, OK 73118 • P.O. Box 18496 • Oklahoma City, OK 73154-0496
405.879.9414 • fax 405.879.9535 • ltownsend@chkenergy.com

828-4451 375-6755 848-4000