

**JAMES BRUCE**  
**ATTORNEY AT LAW**

**POST OFFICE BOX 1056**  
**SANTA FE, NEW MEXICO 87504**

**369 MONTEZUMA, NO. 213**  
**SANTA FE, NEW MEXICO 87501**

**(505) 982-2043 (PHONE)**  
**(505) 982-2151 (FAX)**

**jamesbruc@aol.com**

August 6, 2003

**Via Fax**

Michael E. Stogner  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case No. 13101/Chesapeake Operating, Inc.  
NW $\frac{1}{4}$  S8-20S-37E/Barber Adkins "8" Well No. 1

Interested parties: Doyle Hartman  
Arch Petroleum Inc.

Dear Mr. Stogner:

Thank you for your call today regarding the proposed non-standard units in the NW $\frac{1}{4}$  of Section 8. It is Arch's understanding that Mr. Hartman is proposing a non-standard 40 acre oil unit comprising the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 8. As a result, Chesapeake would form a non-standard gas unit comprising the W $\frac{1}{2}$ NW $\frac{1}{4}$  and SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 8. Arch has no objection to these proposals. In fact, Arch has a verbal agreement with Chesapeake to form the 120 acre unit, and they are working on an operating agreement covering the 120 acres.

You indicated the possibility of forming a non-standard 80 acre gas unit comprising the W $\frac{1}{2}$ NW $\frac{1}{4}$  of Section 8, and then forming an E $\frac{1}{2}$ NW $\frac{1}{4}$  oil unit. Arch objects to the W $\frac{1}{2}$ NW $\frac{1}{4}$  unit. Arch believes that the fee leases covering the W $\frac{1}{2}$ NW $\frac{1}{4}$  and SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 8 should be within one unit, and the federal lease covering the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 8 should form a separate unit.

Please call if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jim Bruce", written over a vertical line.

James Bruce

Attorney for Arch Petroleum Inc.

cc: W. Thomas Kellahin (via fax)  
J.E. Gallegos (via fax)