

## Jan Spradlin

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**From:** Craig Barnard [craig.barnard@chk.com]  
**Sent:** Monday, September 14, 2009 7:37 AM  
**To:** Jan Spradlin  
**Subject:** Blackhawk 1-H & 2-H wells

Dear Jan,

I have assumed responsibility from Kevin Pfister for Chesapeake's ("CHK") response to Concho's two well proposals, dated August 11, 2009, for the Blackhawk "11" Federal Com Well 2-H, (120-acres, NW/4SW/4 and N/2SE/4) and for the Blackhawk "11 Federal Com Well 1-H (160-acres, S/2S/2 of Sec 11, T16S, R28E, Eddy County, NM. Each Concho proposal offers either participation or farmout.

(1) Blackhawk 1-H well:

CHK is considering participating in the Blackhawk1-H Well, but we have not yet received Concho's proposal Joint Operating Agreement. Please forward to me Concho's proposed JOA for the Blackhawk wells.

You have indicated to Kevin, that Concho might want to use the AAPL model form JOA dated 1989 that was used for settlement of the disputes in the Cedar Point Area. CHK acquiesced to the 1989 form in order to facilitate settlement but prefers to use the 1982 form for Section 11. Is Concho willing to use the 1982 form? If Concho, wants to use the 1989 form, I will provide you with CHK requested changes once I received Concho's JOA for this well.

(2) Blackhawk 2-H Well:

CHK is considering farming out its interest in the Blackhawk 2-H well. Concho's proposal letter offers to accept a farmout with CHK retaining an ORR equal to the difference between existing lease burden of record and 20%, proportionately reduced. CHK will consider farming out its interest, through subsequent negotiations, by countering with more acceptable terms to Management than those offered in your proposal letter.

CHK's records indicate that it has an net revenue interest of 81.25 %.

Please call me to discuss Concho's proposed farmout terms.

Regards,

*Craig B. Barnard*  
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Chesapeake Energy Corporation  
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