TERM ASSIGNMENT OF OIL, GAS AND MINERAL LEASES WITH RESERVATION OF OVERRIDING ROYALTY INTEREST

STATE OF NEW MEXICO)

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COUNTY OF LEA

KNOW ALL PERSONS BY THESE PRESENTS:

MARK A. CHAPMAN, whose address is 13 Townhouse Court, Bellaire, Texas 77401-0495) hereinafter referred to as "Assignor", for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, and subject to the reservations, conditions and covenants provided for herein, does hereby grant, bargain, sell, transfer, assign and convey unto CHESAPEAKE OPERATING, INC., whose address is Post Office Box 18496, Oklahoma City, Oklahoma 73154, hereinafter referred to as "Assignee", all of Assignor's right, title and interest in and to the Oil, Gas and Mineral Leases, hereinafter referred to as "said leases", described in Exhibit "A" attached hereto and made a part hereof, together with all right and privileges thereunder or appurtenant thereto, INSOFAR AND ONLY INSOFAR as said leases cover the lands described in Exhibit "A". The leasehold interests herein assigned are hereinafter referred to as "said assigned interest." This Assignment shall be for a term of one (1) year from the date hereof ("Primary Term") and, except as expressly provided, as long thereafter as operations, as hereinafter defined, are conducted upon said assigned interest with no cessation for more than one hundred eighty (180) consecutive days, subject to the further terms and conditions contained "Operations" shall mean operations for and any of the following: herein. drilling, testing, completing, reworking, recompleting, plugging back or repairing a well in search for or in an endeavor to obtain production of the minerals and substances covered by this Assignment, and production of said minerals and substances whether or not in paying quantities. After the expiration of the Primary Term, said assigned interest and all rights under this Assignment shall terminate, and said assigned interest shall revert to Assignor, except as expressly provided.

As additional consideration for the execution of this Assignment, there is excepted from this Assignment and reserved to Assignor, and to Assignor's heirs, successors and assigns, an overriding royalty interest of twenty-four percent of eighteighths (24% of 8/8ths) of all oil, gas and other hydrocarbons produced, saved and sold from the assigned premises under the terms and provisions of the above described leases, said overriding royalty interest to be inclusive of landowner's royalty and other leasehold burdens upon the said leases existing as of the date hereof. It is Assignor's intent to convey to Assignee a seventy-six percent (76%) net revenue interest in said leases.

Assignor's reserved overriding royalty interest shall not bear any costs related to drilling, completing, equipping and operating, but such reserved overriding royalty interest shall bear and pay currently its proportionate share of ad valorem, gross production and other taxes and its proportionate share of all post production costs, if and only if such costs are likewise chargeable to the working interest owners and, further, if and only if the first sale is based on an arm's length sale agreement with an unrelated and unaffiliated purchaser of such production. If first sales is to an affiliate purchaser of Assignee, such post production costs shall be limited to the cost of such services which would be charged by an unaffiliated purchaser of such production.

If it should develop that the interest covered by the above described leases is less than the entire fee simple estate in the oil, gas and other hydrocarbons in the assigned premises, or if Assignor owns less than the entire interest in said leases, then the fractional interest in production or proceeds here reserved as an overriding royalty shall be proportionately reduced to accord with the net interest covered by such leases in the oil, gas and other hydrocarbons in the assigned premises and Assignor's undivided interest in said assigned interest.

> BEFORE THE OIL CONSERVATION COMMISSION Case No.11836 Exhibit No. Submitted By: Chesapeake Inc. Hearing Date: August 21, 1997

Assignee shall have, and is hereby granted, the same right to pool the leases insofar as they affect the reserved overriding royalty interest of Assignor. In the event of such pooling, in lieu of the overriding royalty interest herein reserved, Assignor shall receive from the production from a unit so pooled or formed only such proportion of the overriding royalty interest hereinabove specified as the total amount of surface acreage covered by said leases and placed in such unit bears to the total surface acreage in such unit.

If within the Primary Term, Assignee has drilled and completed a well or wells capable of producing oil and/or gas in paying quantities on said assigned interest or acreage pooled therewith, or if Assignee is engaged in actual drilling operations at the expiration of the Primary Term which drilling operations result in completion as a producer or abandonment as a dry hole, Assignee shall have the option, but not the obligation, to conduct a continuous development program on said assigned interest. If Assignee elects to conduct such a program, Assignee shall then commence at Assignee's sole cost, risk and expense, the drilling of a well at a location of Assignee's choice on said assigned interest or acreage pooled therewith within one hundred eighty (180) days of the expiration of the Primary Term or one hundred eighty (180) days from completion or abandonment of any well or wells drilled over the expiration of the Primary Term of this Assignment, whichever is the later date. Thereafter, not more than one hundred eighty (180) days shall elapse between completion of one well and the commencement of actual drilling operations on the next succeeding well. For purposes of this Assignment, completion shall be deemed to be the date of drilling rig release. Upon the expiration of the Primary Term of this Assignment or the continuous development program described in this paragraph, whichever is later, this Assignment and all rights created hereunder shall terminate as to all lands and depths covered hereby, and said assigned interest shall revert to Assignor, save and except that portion of said assigned interest included within the proration or pooled unit of each well producing or capable of producing oil and/or gas in paying quantities as to those depths under said proration or pooled unit from the surface of the earth down to a depth of one hundred feet (100') below the base of the producing formation of said well. The term "proration unit" as used herein, shall mean the area within the surface boundaries of the proration unit then established or prescribed by field rules or special order, of the appropriate regulatory authority for the reservoir in which the well is completed. In the absence of such field rules or special order, the proration unit shall be deemed not to exceed one hundred sixty (160) acres of land surrounding a well completed as a gas well producing or capable of production in paying quantities and eighty (80) acres of land surrounding a well completed as an oil well producing or capable of production in paying quantities. Upon termination or partial termination of this Assignment and the rights created hereunder, Assignee shall promptly provide Assignor with a fully executed and recordable release of this Assignment and reassignment to Assignor for all lands and depths which have so terminated, free and clear of any mortgage, lien, encumbrances, claims, contractual obligations, overriding royalty burden or production payment created by, through or under Assignee or by its authority.

Assignee shall provide the Assignor with drilling and completion reports on any well drilled by Assignee on the assigned acreage or on any acreage pooled therewith.

And for the same consideration as stated above, the undersigned for himself, and his heirs, successors and representatives does covenant with said Assignee, his heirs, successors and assigns, that the undersigned is the lawful owner of said leases and rights and interests thereunder and of the personal property thereon or used in connection therewith; that the undersigned has good right and authority to sell and convey the above described Oil, Gas and Mineral Leases and that said rights, interests and properties are free and clear from all liens and encumbrances, and that all rentals and royalties due and payable thereunder have been duly paid, and that the undersigned agrees to warrant and defend the same against the lawful claim and demands of all persons whomsoever, by, through and under Assignor, but not otherwise. TO HAVE AND TO HOLD said assigned interest into Assignee, Assignee's heirs, personal representatives, successors and assigns, subject to all of the express and implied covenants and obligations of said assigned interest and this Assignment.

DATED the 2nd day of June, 1997.

ASSIGNOR:

STATE OF TEXAS)) COUNTY OF (harris) ASSIGNEE:

CHESAPEAKE OPERATING, INC.

Acclendon, President ////

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this $\frac{1}{2}$ Add of $\frac{1}{2}$ (day of $\frac{1}{2}$ (day of $\frac{1}{2}$) (day of \frac{1}{2}) (day of $\frac{1}{2}$) (

Given under my hand and seal the day and year last above written.

SS:

JEANNE R. HENDRICK MY CONMISSION EXPIRES My Commissi July 25, 1999 -25

Planne R. Aendrick Notary Public

STATE OF OKLAHOMA)) SS: COUNTY OF OKLAHOMA)

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this <u>///</u>______ day of <u>_______</u>, 1997, personally appeared Aubrey K. McClendon, President of Chesapeake Operating, Inc., to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

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My Commission expires:

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EXHIBIT "A"

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ATTACHED HERETO AND MADE A PART OF THAT CERTAIN TERM ASSIGNMENT OF OIL, GAS AND MINERAL LEASES WITH RESERVATION OF OVERRIDING ROYALTY INTEREST BETWEEN MARK A. CHAPMAN, AS ASSIGNOR, AND CHESAPEAKE OPERATING, INC., AS ASSIGNEE, DATED JUNE 2, 1997

LEASE NO: LESSOR: LESSEE: DATE: RECORDED: DESCRIPTION:	NM0031591301 Roy Anderson et ux MTS Limited Partnership September 15, 1983 366/934 S/2 SE, Lots 3, 4, 5, 6, 9, 10, 11, 14, 15, 16 of Section 1, Township 16 South, Range 36 East and Lots 12, 13, 14, 17, 18 of Section 6, Township 16 South, Range 37 East, Lea County, New Mexico, as referenced in said lease.
LEASE NO: LESSOR: LESSEE: DATE: RECORDED: DESCRIPTION:	NM0031591401 Kimberley S. Harris et vir MTS Limited Partnership September 15, 1983 366/932 S/2 SE, Lots 3, 4, 5, 6, 9, 10, 11, 14, 15, 16 of Section 1, Township 16 South, Range 36 East and Lots 12, 13, 14, 17, 18 of Section 6, Township 16 South, Range 37 East, Lea County, New Mexico, as referenced in said lease.
LEASE NO: LESSOR: LESSEE: DATE: RECORDED: DESCRIPTION:	NM0031591501 John R. Anderson et ux MTS Limited Partnership September 15, 1983 366/930 S/2 SE, Lots 3, 4, 5, 6, 9, 10, 11, 14, 15, 16 of Section 1, Township 16 South, Range 36 East and Lots 12, 13, 14, 17, 18 of Section 6, Township 16 South, Range 37 East, Lea County, New Mexico, as referenced in said lease.
LEASE NO: LESSOR: LESSEE: DATE: RECORDED: DESCRIPTION:	NM0031591601 Malcolm S. Anderson et ux MTS Limited Partnership September 15, 1983 366/928 S/2 SE, Lots 3, 4, 5, 6, 9, 10, 11, 14, 15, 16 of Section 1, Township 16 South, Range 36 East and Lots 12, 13, 14, 17, 18 of Section 6, Township 16 South, Range 37 East, Lea County, New Mexico, as referenced in said lease.
LEASE NO: LESSOR: LESSEE: DATE: RECORDED: DESCRIPTION:	NM0031591701 W. A. Anderson, Jr. MTS Limited Partnership September 15, 1983 366/926 S/2 SE, Lots 3, 4, 5, 6, 9, 10, 11, 14, 15, 16 of Section 1, Township 16 South, Range 36 East and Lots 12, 13, 14, 17, 18 of Section 6, Township 16 South, Range 37 East, Lea County, New Mexico, as referenced in said lease.

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NM0031591801 LEASE NO: Brookie Lee Green et vir LESSOR: LESSEE: MTS Limited Partnership September 15, 1983 DATE: 367/353 **RECORDED**: S/2 SE, Lots 3, 4, 5, 6, 9, 10, 11, 14, 15, 16 of Section 1, Township 16 **DESCRIPTION:** South, Range 36 East and Lots 12, 13, 14, 17, 18 of Section 6, , I Township 16 South, Range 37 East, Lea County, New Mexico, as referenced in said lease. NM0031591901 LEASE NO: LESSOR: Tamara Shafer Maxie MTS Limited Partnership LESSEE: September 15, 1983 DATE: 366/924 **RECORDED**: S/2 SE, Lots 3, 4, 5, 6, 9, 10, 11, 14, 15, 16 of Section 1, Township 16 **DESCRIPTION:** South, Range 36 East and Lots 12, 13, 14, 17, 18 of Section 6, Township 16 South, Range 37 East, Lea County, New Mexico, as referenced in said lease. NM0031592001 LEASE NO:

LESSOR:Shannon Shafer LesterLESSEE:MTS Limited PartnershipDATE:September 15, 1983RECORDED:367/147DESCRIPTION:S/2 SE, Lots 3, 4, 5, 6, 9, 10, 11, 14, 15, 16 of Section 1, Township 16South, Range 36 East and Lots 12, 13, 14, 17, 18 of Section 6,
Township 16 South, Range 37 East, Lea County, New Mexico, as
referenced in said lease.

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