

**Nearburg Exploration Company, L.L.C.**

Exploration and Production  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705  
915/686-8235  
Fax 915/686-7806

August 14, 1997

**CERTIFIED MAIL -**  
**RETURN RECEIPT REQUESTED**

Mr. Mike Hazlip  
Chesapeake Operating, Inc.  
P. O. Box 18496  
Oklahoma City, OK 73154-0496

RE: Well Proposal of July 29, 1997  
Gandy #1-19  
660' FNL and 660' FEL  
Section 19, T-16-S, R-36-E  
Lea County, New Mexico  
Hogan Prospect

Dear Mike:

Please refer to Nearburg Exploration Company, L.L.C.'s (NEC) well proposal dated July 29, 1997 and our telephone conversation of August 13, 1997, whereby we have been attempting to reach a voluntary agreement with regard to the drilling of the captioned well. To the extent we can cooperate with any suggested changes you may have to the Joint Operating Agreement, we will be more than happy to review same. However, we are not in a position to agree to change the location of the initial test well, as you have requested. We believe drilling a standard location is preferable and in addition, our location is based on our 3-D seismic interpretation. We believe it is critical to drill the most advantageous location based on geologic and geophysical merit, which is represented by the captioned location.

I have enclosed substitute pages to the Operating Agreement as you have suggested based on the applicable spacing regulations for this area. If you have any questions, please feel free to contact the undersigned.

Yours very truly,



Bob Shelton  
Land Manager

BS/dw  
Encl.

**BEFORE THE**  
**OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 11861 Exhibit No. 5

Submitted by: Nearburg Exploration Company, L.L.C.

Hearing Date: October 9, 1997

ed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Put your name and address on the reverse of this form so that we can return this to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:



Mr. Mike Hazlip  
Chesapeake Operating, Inc.  
P. O. Box 18496  
Oklahoma City, OK 73154-0496

4a. Article Number

P 497 370 298

4b. Service Type

- ☐ Registered ☒ Certified
- ☐ Express Mail ☐ Insured
- ☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

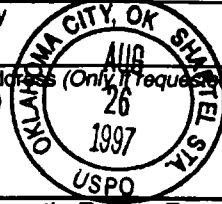
5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X

*Brian Ames*



PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Thank you for using Return Receipt Service.

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US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to <i>Chesapeake Op.</i>	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Handy # 1-19</i> <i>Hogan Prospect</i>	

PS Form 3800, April 1995