

**CHESAPEAKE OPERATING, INC.**

P.O. BOX 18496  
OKLAHOMA CITY, OKLAHOMA 73154-0496  
405/848-8000, EXT. 414  
405/879-9562 FAX

**LAND DEPARTMENT**

LYNDA F. TOWNSEND, CPL/ESA  
LANDMAN

March 22, 1999

Mr. and Mrs. S. P. Johnson, III  
205 W. 6<sup>th</sup> Street  
Roswell, NM 88201

Re: Chesapeake's Boyce 1-15, Well Proposal  
E/2, Section 15-16S-35E  
Lea County, New Mexico

Dear Mr. and Mrs. Johnson:

Chesapeake Operating, Inc. hereby proposes to drill the Boyce 1-15 well to a total depth of 12,100' to test the Morrow formation. The well will be at a legal location of 1650' FNL and 660' FEL in the E/2 of Section 15-16S-35E. The S. P. Johnson, III and Barbara Jo Johnson Trust, u/a dated January 24, 1985, is the record title owner of 15 net mineral acres of the 320 acre unit.

Attached is Chesapeake's AFE reflecting estimated dry hole costs of \$711,000 and completed well costs of \$1,016,000. Chesapeake offers you the opportunity to participate in the drilling of the Boyce 1-15 well with a working interest of 4.6875%. Should you elect to participate, please return the executed AFE along with a check in the amount of \$33,328.13 for your proportionate share of dry hole costs by April 30, 1999. Upon receipt, a Joint Operating Agreement will be forwarded for your signature.

If you have any questions or require any additional information, please do not hesitate to give me a call.

Very truly yours,

  
Lynda F. Townsend

boycepropjohnson.doc

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12186 Exhibit No. 3  
Submitted By:  
Chesapeake Operating  
Hearing Date: June 24, 1999

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**CHESAPEAKE OPERATING, INC.**

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**LAND DEPARTMENT**

LYNDA F. TOWNSEND, CPL/ESA  
LANDMAN

March 22, 1999

VIA CERTIFIED MAIL

Ms. Patricia J. Cooper  
205 W. 6<sup>th</sup> Street  
Roswell, NM 88201

Re: Chesapeake's Boyce 1-15, Well Proposal  
E/2, Section 15-16S-35E  
Lea County, New Mexico

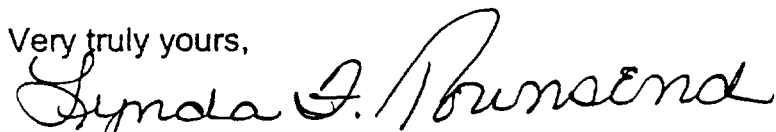
Dear Ms. Cooper:

Chesapeake Operating, Inc. hereby proposes to drill the Boyce 1-15 well to a total depth of 12,100' to test the Morrow formation. The well will be at a legal location of 1650' FNL and 660' FEL in the E/2 of Section 15-16S-35E. PJC Limited Partnership is the record title owner of 15 net mineral acres of the 320 acre unit.

Attached is Chesapeake's AFE reflecting estimated dry hole costs of \$711,000 and completed well costs of \$1,016,000. Chesapeake offers you the opportunity to participate in the drilling of the Boyce 1-15 well with a working interest of 4.6875%. Should you elect to participate, please return the executed AFE along with a check in the amount of \$33,328.13 for your proportionate share of dry hole costs by April 30, 1999. Upon receipt, a Joint Operating Agreement will be forwarded for your signature.

If you have any questions or require any additional information, please do not hesitate to give me a call.

Very truly yours,

  
Lynda F. Townsend

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LYNDA F. TOWNSEND, CPL/ESA  
LANDMAN

March 22, 1999

VIA CERTIFIED MAIL

Mr. Louis Mazzullo  
Louis Mazzullo, Inc.  
P. O. Box 66657  
Albuquerque, NM 87193

Re: Chesapeake's Boyce 1-15, Well Proposal  
E/2, Section 15-16S-35E  
Lea County, New Mexico

Dear Mr. Mazzullo:

Chesapeake Operating, Inc. hereby proposes to drill the Boyce 1-15 well to a total depth of 12,100' to test the Morrow formation. The well will be at a legal location of 1650' FNL and 660' FEL in the E/2 of Section 15-16S-35E. You are the owner of 0.625 net mineral acres of the 320 acre unit.

Attached is Chesapeake's AFE reflecting estimated dry hole costs of \$711,000 and completed well costs of \$1,016,000. Chesapeake offers you the opportunity to participate in the drilling of the Boyce 1-15 well with a working interest of 0.210937%. Should you elect to participate, please return the executed AFE along with a check in the amount of \$1,499.76 for your proportionate share of dry hole costs by April 30, 1999. Upon receipt, a Joint Operating Agreement will be forwarded for your signature.

If you have any questions or require any additional information, please do not hesitate to give me a call.

Very truly yours,

  
Lynda F. Townsend

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LAND DEPARTMENT  
LYNDA F. TOWNSEND, CPL/ESA  
LANDMAN

March 22, 1999

VIA CERTIFIED MAIL

Mr. Thomas M. Beall  
Fuel Products, Inc.  
P. O. Box 3098  
Midland, TX 79702

Re: Chesapeake's Boyce 1-15, Well Proposal  
E/2, Section 15-16S-35E  
Lea County, New Mexico

Dear Mr. Beall:

Chesapeake Operating, Inc. hereby proposes to drill the Boyce 1-15 well to a total depth of 12,100' to test the Morrow formation. The well will be at a legal location of 1650' FNL and 660' FEL in the E/2 of Section 15-16S-35E. You are the owner of 3.0375 net mineral acres of the 320 acre unit.

Attached is Chesapeake's AFE reflecting estimated dry hole costs of \$711,000 and completed well costs of \$1,016,000. Chesapeake offers you the opportunity to participate in the drilling of the Boyce 1-15 well with a working interest of 0.949219%. Should you elect to participate, please return the executed AFE along with a check in the amount of \$6,748.95 for your proportionate share of dry hole costs by April 30, 1999. Upon receipt, a Joint Operating Agreement will be forwarded for your signature.

If you have any questions or require any additional information, please do not hesitate to give me a call.

Very truly yours,

  
Lynda F. Townsend

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LYNDA F. TOWNSEND, CPL/ESA  
LANDMAN

March 22, 1999

VIA CERTIFIED MAIL

Mr. Don Lawson  
TMBR/Sharp Drilling, Inc.  
P. O. Box 10970  
Midland, TX 79702

Re: Chesapeake's Boyce 1-15, Well Proposal  
E/2, Section 15-16S-35E  
Lea County, New Mexico

Dear Mr. Lawson:

Chesapeake Operating, Inc. hereby proposes to drill the Boyce 1-15 well to a total depth of 12,100' to test the Morrow formation. The well will be at a legal location of 1650' FNL and 660' FEL in the E/2 of Section 15-16S-35E. You are the owner of 52.25 net mineral acres of the 320 acre unit.

Attached is Chesapeake's AFE reflecting estimated dry hole costs of \$711,000 and completed well costs of \$1,016,000. Chesapeake offers you the opportunity to participate in the drilling of the Boyce 1-15 well with a working interest of 16.328125%. Should you elect to participate, please return the executed AFE along with a check in the amount of \$116,092.97 for your proportionate share of dry hole costs by April 30, 1999. Upon receipt, a Joint Operating Agreement will be forwarded for your signature.

If you have any questions or require any additional information, please do not hesitate to give me a call.

Very truly yours,

  
Lynda F. Townsend

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LYNDA F. TOWNSEND, CPL/ESA  
LANDMAN

March 22, 1999

VIA CERTIFIED MAIL

Mr. Mark K. Nearburg  
Ameristate Oil & Gas, Inc.  
1211 W. Texas  
Midland, TX 79701

Re: Chesapeake's Boyce 1-15, Well Proposal  
E/2, Section 15-16S-35E  
Lea County, New Mexico

Dear Mr. Nearburg:

Chesapeake Operating, Inc. hereby proposes to drill the Boyce 1-15 well to a total depth of 12,100' to test the Morrow formation. The well will be at a legal location of 1650' FNL and 660' FEL in the E/2 of Section 15-16S-35E. You are the record title owner of 97.1625 net mineral acres of the 320 acre unit.

Attached is Chesapeake's AFE reflecting estimated dry hole costs of \$711,000 and completed well costs of \$1,016,000. Chesapeake offers you the opportunity to participate in the drilling of the Boyce 1-15 well with a working interest of 30.363281%. Should you elect to participate, please return the executed AFE along with a check in the amount of \$215,882.93 for your proportionate share of dry hole costs by April 30, 1999. Upon receipt, a Joint Operating Agreement will be forwarded for your signature.

If you have any questions or require any additional information, please do not hesitate to give me a call.

Very truly yours,

  
Lynda F. Townsend