



APR 21

Andrew J. McCalmont
Asset Manager – Permian Basin

April 17, 2003

FILE 12332

Mr. David Catanach
New Mexico Oil Conservation Division
1220 So. St. Francis DR.
Santa Fe, NM 87505

Re: WTU
Div. Order R-11375
Lea County, New Mexico

Dear David:

Per our phone conversation yesterday, Chesapeake Operating is actively implementing the WTU waterflood project. We have drilled three infill wells, done a number of workovers, and are beginning well conversions next week. We have begun ditching and laying injection line in the field. We hope to commence water injection by mid-May and will advise you per your request as to this target date.

Regarding conversions, the order permits conversion of the 433, 444, 921, 912, 942, and 641. We have elected to not convert the 444 and 942 upon initial implementation of the flood and will file for their conversion in the future if the flood warrants. We are planning on converting the 913 and 941 in the very near future and will be filing C108s with your office shortly. We also intend to convert our three new wells, the 443, 924, and 945 in the near term and will be submitting C108s for them as well.

I have included a spreadsheet of former names of the WTU wells for your reference. Please call or email if I can answer any additional questions or concerns you may have.

Thank you and regards,

A handwritten signature in black ink, appearing to read "Andrew J. McCalmont".

Andrew McCalmont

Property number	Well name	WTU Name	Status	Zone	Remarks
890172	Anasazi State 3-4	WTU 433	P		
890173	Scharbauer 1-4	WTU 434	P		
890174	Scharbauer 3-4	WTU 444	P		
890165	Anasazi State 1-16	WTU 600	V (SWD)		
890153	Conoco State 2-16	WTU 611	P		
890163	BF State 3-16	WTU 613	P		
890152	Conoco State 1-16	WTU 621	P		
890171	Arco 886 State	WTU 622	P		
890161	BF State 1-16	WTU 632	P		
890164	BF State 4-16	WTU 641	V (WIW)		
890170	Barber Federal 2-9	WTU 912	P		
890167	Grover Fed 2-9	WTU 913	T		
890156	Federal 3-9	WTU 921	P		
890169	Barber Federal 1-9	WTU 922	P		
890166	Grover Fed 1-9	WTU 923	P		
890155	Federal 2-9	WTU 931	P		
890154	Federal 1-9	WTU 932	P		
890168	Grover Fed 3-9	WTU 933	T		
890157	Federal 5-9	WTU 941	P		
890158	Federal 6-9	WTU 942	P		
890159	Federal 7-9	WTU 943	P		
890160	Federal 8-9	WTU 944	P		