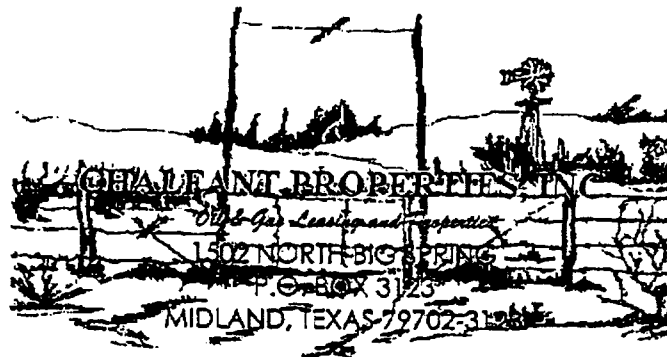


William A. Chalfant, CPL
Donnie Michael, RLP

Ofc: (915) 684-9819
Fax: (915) 682-2601



February 26, 2001

J. Patrick Corrigan
PO Box 2410
Vera Beach, Florida 32961

Via Certified Mail

Re: Chesapeake's proposed Nellie 1-21
well, N2/SE4 of Section 21, T-16-S,
R-37-E, Lea County, New Mexico

Dear Mr. Corrigan,

Chesapeake Operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N2/SE4 of Section 21, T-16S-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000, and completed well costs of \$1,706,000. You are the record title owner of 2.50 mineral acres in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 3.125% and a proportionate dryhole cost of \$34,968.75

Should you elect to participate, please sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

If you have any questions, please call the undersigned at the following telephone number:

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SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

J. Patrick Corrigan
PO Box 2410
Vera Beach, FL 32961

2. Article Number (Copy from service label)

7006 0520 0024 4313 8430

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

☐ Agent

☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-44-0952

BEFORE THE

OIL CONSERVATION DIVISION

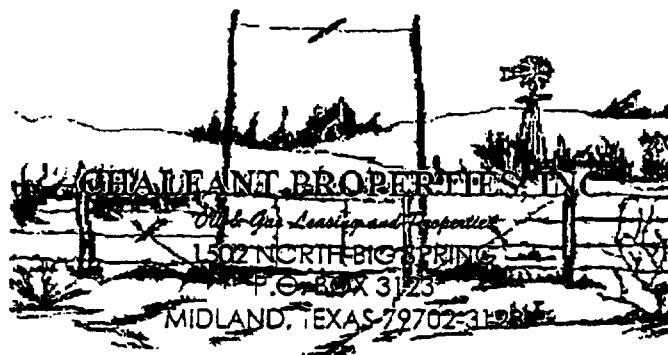
Case No. 12660 Exhibit No. 2

Submitted By:

Chesapeake Inc.

Hearing Date: May 31, 2001

William A. Chalfant, CPL
Donnie Michael, RLP



Ofc: (915) 684-9319
Fax: (915) 682-2601

February 26, 2001

Coates Energy Trust
Coates Energy Interests
Att: Ms. Sherry Green
PO Box 171717
San Antonio, Texas 78217

Via Certified Mail

Re: Chesapeake's proposed Nellie 1-21
well, N2/SE4 of Section 21, T-16-S,
R-37-E, Lea County, New Mexico

Dear Ms. Green,

Chesapeake Operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N2/SE4 of Section 21, T-16S-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000, and completed well costs of \$1,706,000. Coates entities are the record title owners of 1.25 mineral acres, collectively, in the proposed 80-acre unit. Chesapeake offers Coates the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.78125% and a proportionate dryhole cost of \$8,742.19.

Should Coates elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be fo

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SENDER: COMPLETE THIS SECTION

- Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Coates Energy Trust
Coates Energy Interests
ATTN: Sherry Green
PO Box 171717
San Antonio, TX 78217

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

☐ Agent
☐ Addressee

D. Is delivery address different from Item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

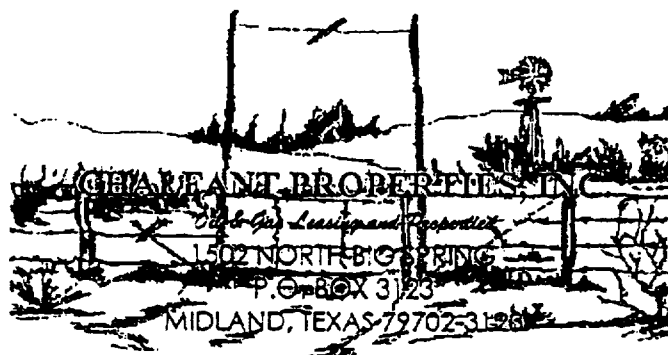
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7000 0520 0024 4313 8454

William A. Chalfant, CPL
Donnie Michael, RLP

Ofc: (915) 684-9819
Fax: (915) 682-2601



February 26, 2001

Bandera Minerals, L.L.C.
Bandera Minerals I, L.L.C.
Bandera Minerals II, L.L.C.
Att: Ms. Connie B. Gibson
PO Box 701228
Tulsa, Oklahoma 74170-1228

Via Certified Mail

Re: Chesapeake's proposed Nellie 1-21
well, N2/SE4 of Section 21, T-16-S,
R-37-E, Lea County, New Mexico

Dear Sir or Madam:

Chesapeake Operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N2/SE4 of Section 21, T-16S-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000, and completed well costs of \$1,706,000. The Bandera entities are the record title owners of 1.2375 mineral acres, collectively, in the proposed 80-acre unit. Chesapeake offers Bandera the opportunity to participate in the drilling of the Nellie 1-21 well with a collective working interest of 1.54687% and a proportionate dryhole cost of \$17,309.48

Should Bandera elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be fo

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SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bandera Minerals LLC
ATTN: Connie B. Gibson
PO Box 701228
Tulsa, OK 74170-1228

2. Article Number (Copy from service label)

7000 0520 0024 4313 8461

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) E. Date of Delivery

C. Signature

X

☐ Agent

☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

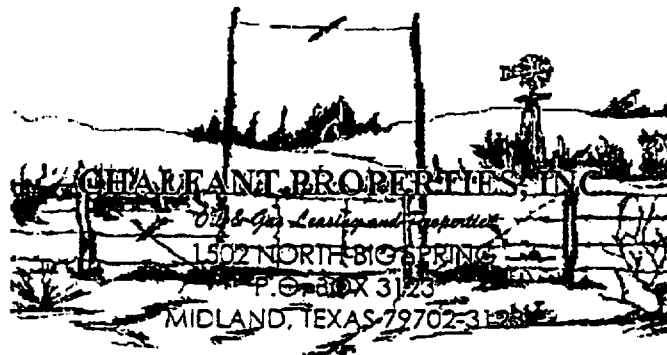
☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

William A. Chalfant, CPL
Donnie Michael, RLP

Ofc: (915) 684-9819
Fax: (915) 682-2601



February 26, 2001

Patsy Nae Walker
17 Sutter Street
Folsom, California 95603

Via Certified Mail

Re: Chesapeake's proposed Nellie 1-21
well, N2/SE4 of Section 21, T-16-S,
R-37-E, Lea County, New Mexico

Dear Ms. Walker,

Chesapeake Operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N2/SE4 of Section 21, T-16S-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000, and completed well costs of \$1,706,000. You are the record title owner of 0.0156 mineral acres in the proposed 80-acre unit. Chesapeake offers you the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.01953% and a proportionate dryhole cost of \$218.54

Should you elect to participate, please sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Patsy Nae Walker
17 Sutter Street
Folsome, CA 95603

2. Article Number (Copy from service label)

7800 0520 0024 4313 8492

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

☐ Agent
☐ Addressee

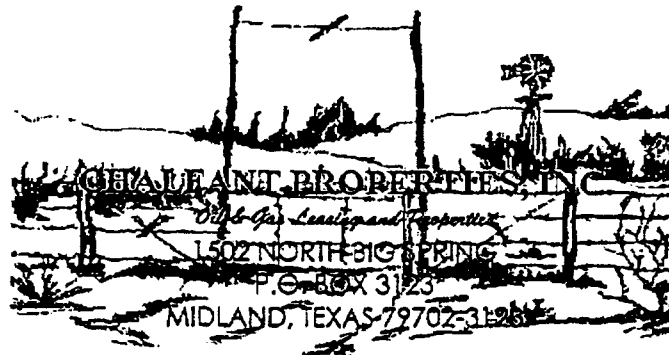
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

William A. Chalfant, CFL
Donnie Michael, RLP



Ofc: (915) 684-9813
Fax: (915) 682-2601

February 26, 2001

Maecenas Minerals, L.L.P.
Att: Ms. Linda Buckner
PO Box 176
Abilene, Texas 79604

Via Certified Mail

Re: Chesapeake's proposed Nellie 1-21
well, N2/SE4 of Section 21, T-16-S,
R-37-E, Lea County, New Mexico

Dear Ms. Buckner,

Chesapeake Operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N2/SE4 of Section 21, T-16S-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000, and completed well costs of \$1,706,000. Maecenas is the record title owner of 0.189 mineral acres in the proposed 80-acre unit. Chesapeake offers Maecenas the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.23625% and a proportionate dryhole cost of \$2,643.64

Should Maecenas elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

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SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Maecenas Minerals
ATTN: Linda Buckner
PO Box 176
Abilene, TX 79604

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) **B. Date of Delivery**

C. Signature

X

☐ Agent
☐ Addressee

D. Is delivery address different from item 1?
If YES, enter delivery address below:

☐ Yes
☐ No

3. Service Type

☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

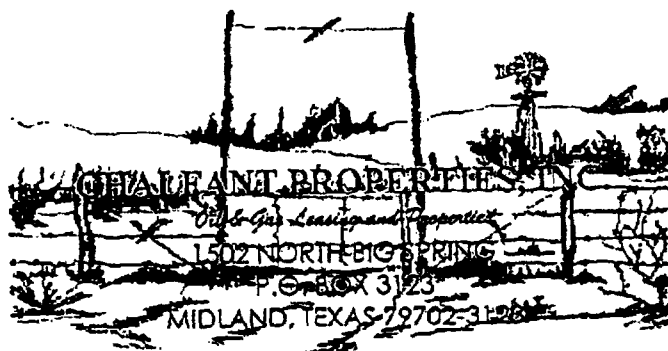
4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number (Copy from service label)

7000 0520 0024 4313 8447

William A. Chalfant, CPL
Donnie Michael, RLP



Ofc: (915) 684-9819
Fax: (915) 682-2601

February 26, 2001

KEC Acquisition Corp.
700 Louisiana
Houston, Texas 77002

Via Certified Mail

Re: Chesapeake's proposed Nellie 1-21
well, N2/SE4 of Section 21, T-16-S,
R-37-E, Lea County, New Mexico

Dear Sir or Madam:

Chesapeake Operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N2/SE4 of Section 21, T-16S-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000, and completed well costs of \$1,706,000. KEC is the record title owner of 0.2625 mineral acres in the proposed 80-acre unit. Chesapeake offers KEC the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.23625% and a proportionate dryhole cost of \$3,671.72

Should KEC elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

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SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

KEC Acquisition Corp
700 Louisiana
Houston, TX 77002

2. Article Number (Copy from service label)

7000 0520 0024 4313 8478

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

☐ Agent
☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

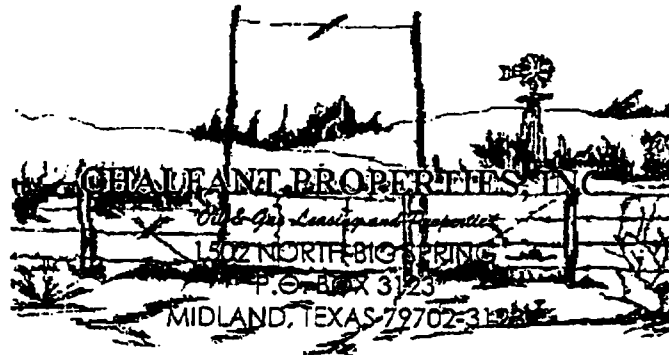
3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

William A. Chalfant, CPL
Donnie Michael, RLP

Ofc: (915) 684-9819
Fax: (915) 682-2601



February 26, 2001

Republic Royalty Company
Att: Ms. Terri Farmer
3738 Oaklawn Ave., Ste. 300
Dallas, Texas 75219

Via Certified Mail

Re: Chesapeake's proposed Nellie 1-21
well, N2/SE4 of Section 21, T-16-S,
R-37-E, Lea County, New Mexico

Dear Ms. Farmer,

Chesapeake Operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N2/SE4 of Section 21, T-16S-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000, and completed well costs of \$1,706,000. Republic is the record title owner of 0.743 mineral acres in the proposed 80-acre unit. Chesapeake offers Republic the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.92875% and a proportionate dryhole cost of \$10,392.71

Should Republic elect to participate, please have the appropriate party(ies) sign the attached AFE and return it to me at your earliest convenience. Upon receipt, a Joint Operating Agreement will be forwarded for signature.

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Received by (Please Print Clearly) B. Date of Delivery</p>	
<p>1. Article Addressed to:</p>		<p>C. Signature</p> <p>X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>Republic Royalty Company ATTN: Terri Farmer 3738 Oaklawn Ave, Ste 300 Dallas, TX 75219</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>2. Article Number (Copy from service label)</p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>7000 0520 0024 4313 8485</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	