

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

Off. (915) 684-9813  
Fax (915) 682-2601

**CHALFANT PROPERTIES, INC.**

*Oil & Gas Leasing and Properties*  
1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

Andrew A. Andros  
1124 Gulfview  
Port Bolivar, TX 77650

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Andros:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.80078% 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 0.80078% and a proportionate dryhole cost of \$8,960.74.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12660 Exhibit No. 4  
Submitted By:  
*Chesapeake Inc.*  
Hearing Date: May 31, 2001

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

## CHALFANT PROPERTIES, INC.

*Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

W. L. Barnes  
2514 Stanolind  
Midland, TX 79705

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Barnes:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0023437% 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 0.0023437% and a proportionate dryhole cost of \$26.23.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

Elaine Magruder  
2507 Sinclair  
Midland, TX 79705

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Ms. Magruder:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0046875% 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 0.0046875% and a proportionate dryhole cost of \$52.45.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

Charles E. Marsh, III  
c/o Loretta McDermott Marsh  
2902 Stratford  
Austin, TX 78746

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Marsh:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.00234% 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 0.00234% and a proportionate dryhole cost of \$26.23.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

Off. (915) 684-9819  
Fax: (915) 682-2601

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

J. F. Webre  
5701 Woodway, Ste 236  
Houston, TX 77057

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Webre:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.4004% 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 0.4004% and a proportionate dryhole cost of \$4,480.37.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

**CHALFANT PROPERTIES, INC.**

*Oil & Gas Leasing and Properties*  
1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

VLS OIL & GAS LIMITED PARTNERSHIP  
ATTN: Land Department  
1900 W Loop South, Ste 1050  
Houston, TX 77027

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

To whom it may concern:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. VLS Oil & Gas is the record title owner of a working interest of 1.6016% in the proposed 80-acre unit. Chesapeake offers VLS the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 1.6016% and a proportionate dryhole cost of \$17,921.48.

Should VLS 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

## CHALFANT PROPERTIES, INC.

*Oil & Gas Leasing and Properties*  
1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

James I Trott  
2805 W Dengar  
Midland, TX 79705

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Trott:

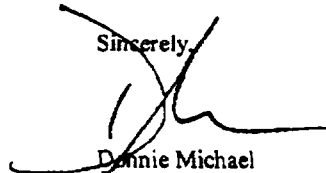
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0023% 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 0.0023% and a proportionate dryhole cost of \$26.23.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

Ofc: (915) 684-9619  
Fax: (915) 682-2601

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

P. Gordon Stafford  
3892 Nathan Road  
Santa Barbara, CA 93102

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Stafford:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0012% 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 0.0012% and a proportionate dryhole cost of \$13.11.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw  
Enclosures



WILLIAM A. CHALFANT, C.P.L.  
DONNIE MICHAEL, RLP

Ofc: (915) 684-2619  
Fax: (915) 682-2601

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

SPECTRUM 7 1983-B  
ATTN: Land Department  
1100 Louisiana Street, Ste 2950  
Houston, TX 77002-5216

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

To whom it may concern:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. SPECTRUM 7 1983-B is the record title owner of a working interest of 0.0059% in the proposed 80-acre unit. Chesapeake offers SPECTRUM the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0059% and a proportionate dryhole cost of \$65.57.

Should SPECTRUM 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, C.P.  
DONNIE MICHAEL, R.L.P.

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

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

SPECTRUM 7 1983-A  
ATTN: Land Department  
1100 Louisiana Street, Ste 2950  
Houston, TX 77002-5216

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

To whom it may concern:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. SPECTRUM 7 1983-A is the record title owner of a working interest of 0.0527% in the proposed 80-acre unit. Chesapeake offers SPECTRUM the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0527% and a proportionate dryhole cost of \$590.10.

Should SPECTRUM 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

## CHALFANT PROPERTIES, INC.

*Oil & Gas Leasing and Properties*  
1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

SAMSON EXPLORATION CORP  
ATTN: Land Department  
2 W Second Street  
Tulsa, OK 74103

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

To whom it may concern:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. Samson Exploration Corp. is the record title owner of a working interest of 0.5339% in the proposed 80-acre unit. Chesapeake offers Samson the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.5339% and a proportionate dryhole cost of \$5,973.83.

Should Samson 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

**CHALFANT PROPERTIES, INC.**

*Oil & Gas Leasing and Properties*  
1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

Richard Roseberry  
14643 Dallas Parkway, Ste 1000  
Dallas, TX 75240

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Roseberry:

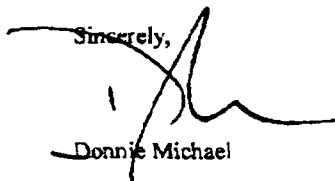
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0012% 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 0.0012% and a proportionate dryhole cost of \$13.11.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

Ofc. (915) 684-9619  
Fax: (915) 682-2601

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

W. F. Orloff  
415 W Wall, Ste 2000  
Midland, TX 79701

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Orloff:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0023% 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 0.0023% and a proportionate dryhole cost of \$26.23.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

## CHALFANT PROPERTIES, INC.

*Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

MVC, INC.  
ATTN: Land Department  
PO Box 10040  
Midland, TX 79702

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

To whom it may concern:

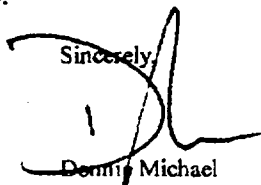
Chesapeake operating, Inc. hereby proposes to drill the captioned well to a total depth of 12,000 feet to test the Strawn Formation. The well will be drilled at a location in the N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. MVC, Inc. is the record title owner of a working interest of 0.0146% in the proposed 80-acre unit. Chesapeake offers MVC the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0146% and a proportionate dryhole cost of \$163.92.

Should MVC 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

MJZ PETROLEUM CORP  
ATTN: Land Department  
911 Walker Street, #965  
Houston, TX 77002

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

To whom it may concern:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. MJZ Petroleum Corp. is the record title owner of a working interest of 0.4004% in the proposed 80-acre unit. Chesapeake offers MJZ the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.4004% and a proportionate dryhole cost of \$4,480.37.

Should MJZ 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

---

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

Ofc (915) 684-9619  
Fax: (915) 682-2601

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

Loretta McDermott Marsh  
2902 Stratford  
Austin, TX 78746

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Ms. Marsh:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0234% 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 0.0234% and a proportionate dryhole cost of \$262.27.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw  
Enclosures



WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

## CHALFANT PROPERTIES, INC.

*Oil & Gas Leasing and Properties*  
1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

MALLON OIL COMPANY  
ATTN: Land Department  
995 18<sup>th</sup> Street, Ste 1700  
Denver, CO 80202

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

To whom it may concern:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. MALLON OIL COMPANY is the record title owner of a working interest of 20.7932% in the proposed 80-acre unit. Chesapeake offers MALLON the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 20.7932% and a proportionate dryhole cost of \$232,676.24.

Should MALLON 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

## CHALFANT PROPERTIES, INC.

*Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

Robert Kruse  
PO Box 327  
Key West, FL 33040

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Kruse:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.5339% 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 0.5339% and a proportionate dryhole cost of \$5,973.83.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,



Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, C.P.  
DONNIE MICHAEL, RLP

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

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

Harris E. Kerr  
PO Box 2858  
Midland, TX 79702

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Kerr:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0012% 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 0.0012% and a proportionate dryhole cost of \$13.11.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

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

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

Nolan Hirsch  
PO Box 10040  
Midland, TX 79702

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Hirsch:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0049% 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 0.0049% and a proportionate dryhole cost of \$54.64.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CP,  
DONNIE MICHAEL, RLP

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

## CHALFANT PROPERTIES, INC.

*Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

GEODYNE NOMINEE CORP

ATTN: Land Department

320 South Boston Avenue

Tulsa, OK 74103

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

To whom it may concern:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. Geodyne Nominee Corp. is the record title owner of a working interest of 12.5043% in the proposed 80-acre unit. Chesapeake offers Geodyne the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 12.5043% and a proportionate dryhole cost of \$139,322.90.

Should Geodyne 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

O/c (915) 684-9819  
Fax: (915) 682-2601

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

Wanda P. Campbell  
1600 W Cuthbert  
Midland, TX 79701

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

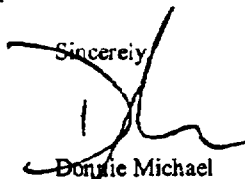
Dear Ms. Campbell:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You, individually and as Executor of the Estate of Roy E. Campbell, are the record title owner of a working interest of 0.0117% 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 0.0117% and a proportionate dryhole cost of \$131.13.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,  
  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CP.  
DONNIE MICHAEL, RLP

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

**CHALFANT PROPERTIES, INC.***Oil & Gas Leasing and Properties*

1502 NORTH BIG SPRING

P.O. BOX 3123

MIDLAND, TEXAS 79702-3123

March 23, 2001

CALLOWAY PRODUCTION CO., INC.

ATTN: Land Department

415 W Wall, Ste. 2000

Midland, TX 79701

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

To whom it may concern:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. Calloway Production Co., Inc. is the record title owner of a working interest of 0.0143% in the proposed 80-acre unit. Chesapeake offers Calloway the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 0.0143% and a proportionate dryhole cost of \$159.54.

Should Calloway 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures

WILLIAM A. CHALFANT, CPL  
DONNIE M. CHAEL, RLP

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

**CHALFANT PROPERTIES, INC.**

*Oil & Gas Leasing and Properties*  
1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

Harold K Work  
3516 Greenbriar  
Dallas, TX 75225

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

Dear Mr. Work:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. You are the record title owner of a working interest of 0.0023% 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 0.0023% and a proportionate dryhole cost of \$26.23.

Should you 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,

  
Donnie Michael

DM/jkw  
Enclosures



WILLIAM A. CHALFANT, CPL  
DONNIE MICHAEL, RLP

Ofc: (915) 684-9619  
Fax: (915) 682-2601

## CHALFANT PROPERTIES, INC.

*Oil & Gas Leasing and Properties*  
1502 NORTH BIG SPRING  
P.O. BOX 3123  
MIDLAND, TEXAS 79702-3123

March 23, 2001

UNION TEXAS DEVELOPMENT CORP.  
ATTN: Land Department  
POB 2120  
Houston, TX 77252

Via Certified Mail

RE: Chesapeake's proposed Nellie 1-21  
Well, N/2SE/4 of Section 21, T-16-S, R-37-E,  
Lea County, NM

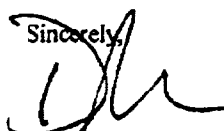
To whom it may concern:

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 N/2SE/4 of Section 21, T-16-S, R-37-E, Lea County, New Mexico.

Attached is Chesapeake's AFE reflecting dry-hole costs of \$1,119,000.00 and completed well costs of \$1,706,000.00. UNION TEXAS DEVELOPMENT CORP. is the record title owner of a working interest of 7.47396% in the proposed 80-acre unit. Chesapeake offers UNION TEXAS the opportunity to participate in the drilling of the Nellie 1-21 well with a working interest of 7.47396% and a proportionate dryhole cost of \$83,633.59.

Should UNION TEXAS 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.

If you have any questions, please call the undersigned at the number listed or, alternatively, Ms. Lynda Townsend of Chesapeake Operating, Inc. at 405-879-9414.

Sincerely,  
  
Donnie Michael

DM/jkw  
Enclosures