

CHESAPEAKE OPERATING, INC.

P.O. BOX 18496
OKLAHOMA CITY, OKLAHOMA 73154-0496
405/848-8000, EXT. 416
405/879-9560 FAX

LAND DEPARTMENT

MIKE HAZLIP, CPL
LANDMAN

October 1, 1997

Mr. Chris Williams
New Mexico Oil Conservation Division
District I Office
1000 West Broadway
Hobbs, NM 88240

Mr. Michael Stogner
New Mexico OCD
Division Office
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Chesapeake's Blackmon 1-21 Directional Drilling Application
W/2 NE/4 Section 21-T16S-R36E,
Lea County, New Mexico

Dear Mr. Williams:

Chesapeake has just reached total depth in our Blackmon 1-21 well and will be unable to complete a productive well at the current bottom hole location. We have made plans to utilize the current borehole to directionally drill to a bottom hole location 848' FNL and 1,734' FEL Section 21-T16S-R36E, Lea County, New Mexico. The bottom hole location will place us well within the project area buffered by the 330' setback provided for under current pool rules, as is illustrated on the attached plat. The 40 acre tract designated for this drilling unit is on the same lease as the surface location, therefore there is no change in ownership.

Enclosed are OCD Forms C-101, C-102 and C-103, prepared for Chesapeake's application for administrative approval to directionally drill to the aforementioned bottom hole location. In that we currently have a rig on location, please call me at (405) 848-8000, ext.416 with a verbal approval to proceed, following with a written confirmation faxed to (405) 879-9562. Thank you.

Your prompt attention to our application is greatly appreciated.

Most sincerely,



Mike Hazlip