

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 17, 1997

VIA FACSIMILE (505) 393-0720 & FEDERAL EXPRESS

Mr. Chris Williams
New Mexico OCD
1000 West Broadway
Hobbs, New Mexico 88240

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

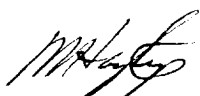
Re: Watson 1-6 well - Unorthodox Location
2,857' FSL & 1,417' FWL Section 6-T16S-R36E
Lea County, New Mexico

Dear Chris:

Pursuant to my discussion with you this morning, enclosed is Chesapeake's Application for Permit to Drill, Forms C-101 and C-102 for our Watson 1-6 well to be drilled at the captioned location. In order to drill this well at the optimum geological and surface location, we request that we be granted a permit to drill the captioned location. Because this well is located in an area consisting of some commercial and residential development, we have no viable alternatives to the current surface location without directional drilling. Our location places the well 217 feet from the southern boundary of the proration unit. Chesapeake is the Operator of the proration unit to the south (Little 1-6 well) upon which we are encroaching. Additionally, the natural drift of the bore-hole will be to the north, as was the case in our Little 1-6 well.

Enclosed are plats showing the land ownership position and the position of the anomaly in relation to the proration unit boundaries. In that Chesapeake is only encroaching upon itself, therefore not adversely affecting other Operators, we would appreciate your timely consideration of our request for an administrative approval of our permit to drill. We have a rig committed to this well at the end of next week to begin drilling. Thank you for your assistance.

Most sincerely,



Mike Hazlip