

**CHESAPEAKE OPERATING, INC.**

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**LAND DEPARTMENT**

LYNDA F. TOWNSEND, CPL/ESA  
LANDMAN

August 3, 1998

**VIA FEDERAL EXPRESS**

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

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

Re: Minnie 6-1 – Directional Drill and Non-Standard  
Proration Unit Application  
Lots 2, 3, 4, & 7, Section 6-T16S-R37E  
Lea County, New Mexico

Dear Mr. Williams and Mr. Stogner:

Pursuant to my telephone conversation with the Regulatory Spacing Division of the OCD and in conjunction with submittal of form C-102, please consider this letter as Chesapeake Operating, Inc.'s formal request for administrative approval of a non-standard 160 acre proration unit for a directional drill under Rule 111.

The Minnie 6-1 well was originally drilled in January 1998. Following an unsuccessful completion attempt in the Strawn Formation from the vertical borehole, we are now proposing to drill a horizontal lateral borehole.

Chesapeake wishes to re-enter the vertical wellbore of the Minnie 6-1 well in order to drill a horizontal lateral to a true vertical depth of 11,690' along a 1400' lateral with an azimuth of North 68.5 degrees West. The bottom hole location will be 510' FNL and 1316' FWL in Lot 4 of Section 6-T16S-R37E. The surface location of the original wellbore is 916' FNL and 1991' FEL in Lot 2 of Section 6-T16S-R37E.

The Minnie 6-1 well is located in the Northeast Lovington Pennsylvanian Pool. A standard proration unit for this pool is 80-acres. Each well is required to be located within 150' of the center of a governmental quarter-quarter section or lot. The first proration unit for the Minnie 6-1 includes lots 2 and 7 as a standard 80 acre unit. Chesapeake wishes to include lots 3 and 4 as the production proration unit for a total project area of 160 acres. As evidenced by the enclosed plat, the bottom-hole location is an orthodox location and poses no encroachment on any boundary lines.