

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

December 22, 1997

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

Re: Request for Permit to Drill
Chesapeake's Mac 1-19 (Previously referred to as Gandy 1-19)
SW/4 NE/4 Section 19-T16S-R36E,
Lea County, New Mexico

Dear Chris:

Enclosed for your approval are Forms C-101 and C-102, completed by Chesapeake to obtain a Drilling Permit for our Mac 1-19 well. The Oil Conservation Division - Santa Fe office approved our unorthodox location on September 4, 1997 in the issuance of Order No. R-10891 in Case No. 11844. The location is 2,523 feet from the North line and 2,370 feet from the East line of Section 19-T16S-R36E. The Order calls for the well to be assessed a production penalty equal to 34% of the depth bracket allowable for the West Lovington-Pennsylvanian Pool.

Enclosed for your review is a copy of Order No. R-10891 and a letter from Marathon's attorney, William F. Carr requesting their appeal of said Order be dismissed. Your favorable consideration to our request is appreciated. Please let me know if you need anything more.

Most sincerely,



Mike Hazlip