

**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

March 9, 1998

**VIA 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: Carlisle 1-7 well - Unorthodox Location  
2,238' FSL & 1,087' FWL Section 7-T16S-R36E  
Lea County, New Mexico


Dear Mr. Williams and Mr. Stogner:

Pursuant to our recent discussion regarding the captioned well, and subsequent to our submittal of forms C-101 and C102, please consider this letter as a request for administrative approval of an unorthodox location for the subject well. The rules established by the Northeast Shoe Bar-Strawn Pool allow for wells to be drilled no closer than 330 feet to any quarter-quarter section line. Please note that Chesapeake's application to drill does not exceed that 330' rule for any outer boundary of the proration unit. The only affected boundary line is the inner boundary between Lot 3 and the NE/4 SW/4 Section 7 of which the proration unit is comprised. Title to the mineral and leasehold estate is common on either side of the inner boundary line, therefore our location should present no threat to the correlative rights of any party.

Chesapeake's request for the captioned location is based upon the need to drill at the optimum location to encounter the most advantageous combination of structure and stratigraphy (porosity), identified from Chesapeake's analysis of subsurface geology calibrated to our 3-D seismic coverage.

Chesapeake would appreciate your extension of the administrative approval for the unorthodox Strawn location to apply to the Wolfcamp formation and grant Authorization to Transport production from the Wolfcamp formation. Thank you for your assistance.

Most sincerely,



Mike Hazlip