

CHESAPEAKE OPERATING, INC.

P.O. BOX 18496
OKLAHOMA CITY, OKLAHOMA 73154-0496
405/848-8000, EXT. 414
405/879-9562 FAX

LAND DEPARTMENT

LYNDA E. TOWNSEND, CPL/ESA
LANDMAN

July 28, 1998

USL-4114

VIA FEDERAL EXPRESS

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

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

Re: John T. 1-6 well, Unorthodox Location ³⁷
4040' FSL and 435' FWL, Section 6-T16S-R36E
Lea County, New Mexico

Dear Mr. Williams and Mr. Stogner:

Pursuant to our recent telephone conversation regarding the captioned well, and in conjunction with our submittal of form C-101 and C-102, please consider this letter as Chesapeake's formal request for administrative approval of an unorthodox location for the John T. 1-6 well. The rules established for the Northeast Lovington – Pennsylvanian Pool allow for a well to be drilled within 150' of the center of a governmental quarter-quarter section or lot. As you will note on the enclosed plat, the John T. 1-6 location is 4,040' FSL and 435' FWL of Section 6, locating the wellbore outside the perimeters of the 150' rule.

Numerous Strawn tests in the local area have failed due to both tight and water wet reservoirs confirming the necessity for flexibility in locating wells. An unorthodox location is requested to insure the highest probability of discovering a productive Strawn reservoir in the referenced wellbore.

Enclosed herein are two maps, a time structure map and a Strawn Amplitude map generated from Chesapeake's 3D seismic coverage. These maps show the requested bottom hole location at both maximum structural attitude and stratigraphic growth development for reservoir quality Strawn. The location insures the highest probability of success and evidences the necessity for the requested unorthodox site location.

Page 2

Mr. Chris Williams and Mr. Michael Stogner

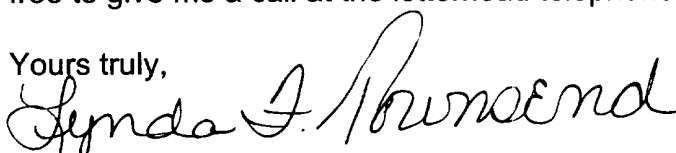
July 20, 1998

The nearest boundary line is the west line of the proposed unit, being the section line between Section 1-T16S-36E and Section 6-T16S-37E. Chesapeake Operating, Inc. is the operator and leasehold owner in the two adjacent lay-down 80-acre units located in Section 1-T16S-R36E, lots 9 and 10 and lots 15 and 16 respectively. Ownership is common to all three 80-acre units.

As of this date, three (3) letters of Notice and Request for Waiver have been sent by certified mail to diagonal offset operators and/or leasehold owners, copies of which are enclosed. All other immediately adjacent units are composed of Chesapeake leases.

Chesapeake would appreciate a favorable decision at your earliest possible convenience. Should you have questions or require any further information, please feel free to give me a call at the letterhead telephone number.

Yours truly,

A handwritten signature in cursive script, reading "Lynda F. Townsend". The signature is written in dark ink and is positioned above the printed name.

Lynda F. Townsend

CHESAPEAKE OPERATING, INC.

PO. BOX 18496
OKLAHOMA CITY, OKLAHOMA 73154-0496
405/848-8000
405/879-9574 FAX

July 14, 1998

Mr. Chris Williams
Oil Conservation Division
P. O. Box 1980
1000 W. Broadway
Hobbs, NM 88240

RE: John T. #6-1
Sec 6, 16S-37E
Lea Co., NM

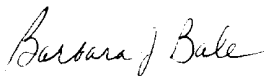
Dear Mr. Williams:

Enclosed for your approval are the following:

C-101 Original & 4 copies
C-102 3 originals
Location Verification Map
Vicinity Map

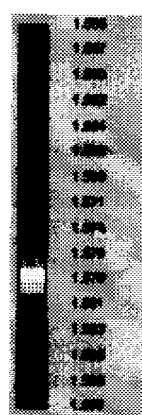
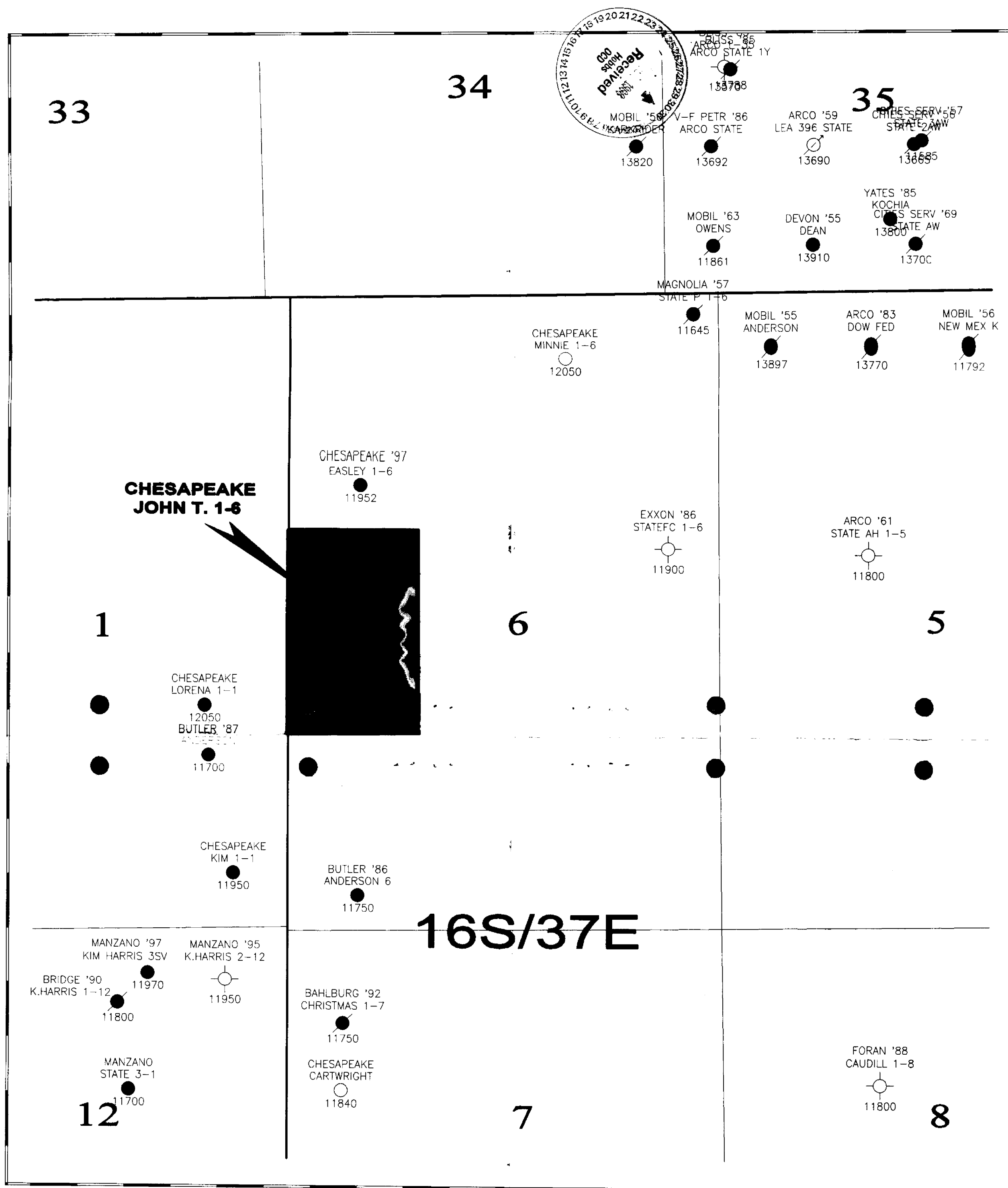
If any additional information is required, please call Lynda Townsend, Dave Ault or Barbara Bale at the above number.

Sincerely,



Barbara J. Bale
Regulatory Analyst

Cc: File, Lindsay-RS
KD,DA,RH,LT,BJB



— Unit Boundary

CHESAPEAKE OPERATING, INC.

**Unorthodox Location - John T. #1-6
Strawn Time Map
Lea County, New Mexico**

Robert A. Hafner IV

Scale: 1" = 1000'

Lynda Townsend

Cliff A. Hanoch

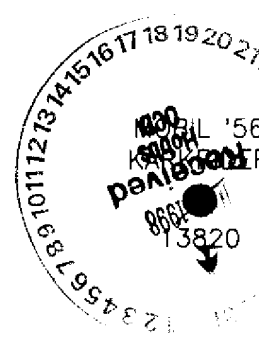
6/5/98

Aaron Reyna

33

34

35



ARCO STATE 1Y
13708

V-F PETR '86
ARCO STATE
13692

ARCO '59
LEA 396 STATE
13690

CHESSE SERV '57
STATE 2AW
13685

MOBIL '63
OWENS
11861

DEVON '55
DEAN
13910

YATES '85
KOCHIA
CL'S SERV '69
STATE AW
13700

MAGNOLIA '57
STATE P 1-6
11645

CHESAPEAKE
MINNIE 1-6
12050

MOBIL '55
ANDERSON
13897

ARCO '83
DOW FED
13770

MOBIL '56
NEW MEX K
11792

**CHESAPEAKE
JOHN T. 1-6**

CHESAPEAKE '97
EASLEY 1-6
11952

EXXON '86
STATEFC 1-6
11900

ARCO '61
STATE AH 1-5
11800

1

6

5

CHESAPEAKE
LORENA 1-1
12050
BUTLER '87
ANDERSON
11700

CHESAPEAKE
KIM 1-1
11950

BUTLER '86
ANDERSON 6
11750

16S/37E

MANZANO '97
KIM HARRIS 3SV
BRIDGE '90
K.HARRIS 1-12
11800

MANZANO '95
K.HARRIS 2-12
11950

BAHLBURG '92
CHRISTMAS 1-7
11750

CHESAPEAKE
CARTWRIGHT
11840

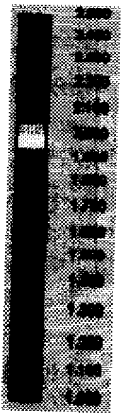
FORAN '88
CAUDILL 1-8
11800

12

7

8

Amplitude Scale



Unit Boundary

CHESAPEAKE OPERATING, INC.

Unorthodox Location - John T. #1-6
Strawn Amplitude Map
Lea County, New Mexico

Robert A. Hefner IV	Scale: 1" = 1000'	Lynda Townsend
Cliff A. Hancock	6/5/98	Aaron Rayna

OFFSET OPERATORS AND LEASEHOLD OWNERS

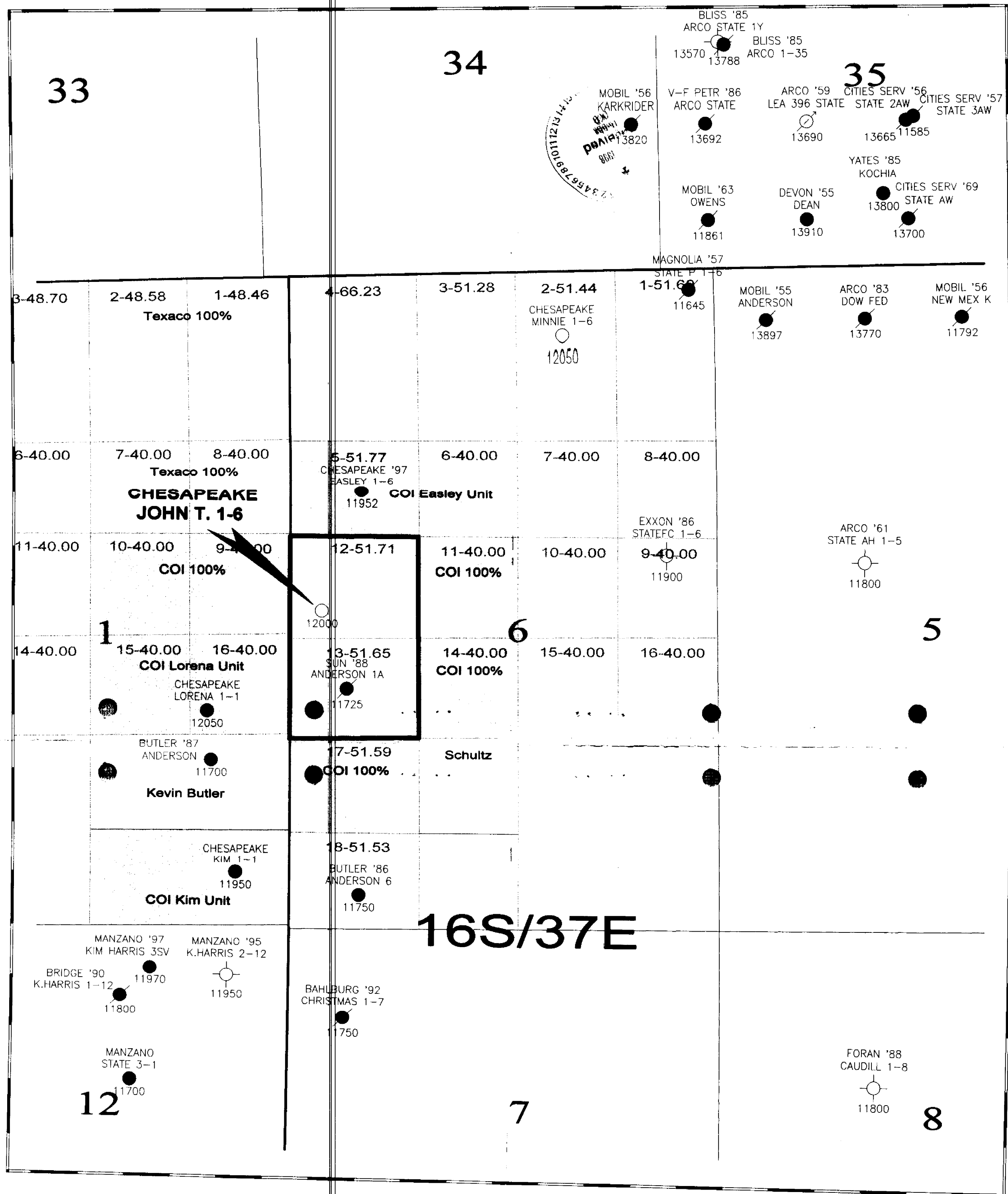
JOHN T. 6-1 UNIT
LOTS 12 & 13, SECTION 6-T16S-R37E
LEA COUNTY, NEW MEXICO

SECTION 1-T16S-R36E:

Lots 1, 2, 7 & 8	Texaco, Inc. – 100% Leasehold
Lots 9 & 10	Chesapeake Operating, Inc. – 100% Leasehold
Lots 15 & 16	Chesapeake Operating, Inc. – Operator HBP – Lorena 1-1 Well
N/2 SE/4	Kevin D. Butler & Associates – Operator HBP – Butler '87 Anderson Well

SECTION 6-T16S-R37E:

Lots 5 & 6	Chesapeake Operating, Inc. – Operator HBP – Easley 6-1 Well
Lots 11 & 14	Chesapeake Operating, Inc. – 100% Leasehold
NE/4 SW/4	Doug Schutz – 100% Leasehold
Lot 17	Chesapeake Operating, Inc. – 100% Leasehold



— Unit Boundary

CHESAPEAKE OPERATING, INC.

Unorthodox Location - John T. #1-6
 Leasehold Plat
 Lea County, New Mexico

Robert A. Helmer IV

Scale: 1" = 1000'

Lynda Townsend

Cliff A. Hancock

7/29/98

Aaron Reyna

CHESAPEAKE OPERATING, INC.

P.O. BOX 18496
OKLAHOMA CITY, OKLAHOMA 73154-0496
405/848-8000, EXT. 414
405/879-9562 FAX

LAND DEPARTMENT
LYNDA F. TOWNSEND, CPL/ESA
LANDMAN

July 28, 1998

VIA CERTIFIED MAIL

Mr. Kevin D. Butler
Kevin D. Butler & Associates
P. O. Box 1171
Midland, TX 79702

Re: Notice and Request for Waiver
John T. 6-1 Well,
4,040' FNL and 435' FWL
Lots 12 & 13, Section 6-T16S-R36E
Lea County, New Mexico

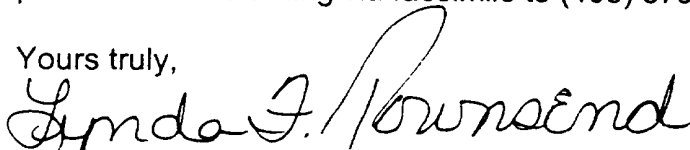
Dear Mr. Butler:

Chesapeake Operating, Inc. has made application to the New Mexico Oil Conservation Division for an unorthodox location for the above captioned well. As an offset operator, you are hereby given notice of said application.

In addition, please consider this letter as a formal request for Kevin D. Butler & Associates waiver of protest to Chesapeake's application. Any production from the John T. 6-1 well should have no detrimental effect on Butler's acreage located in the N/2 SE/4 of Section 1-T16S-R36E. As evidenced by the enclosed plat, the proposed location encroaches upon Chesapeake's wells and acreage located in Section 1-T16S-R36E, lots 9 and 10 and lots 15 and 16 respectively.

Chesapeake would appreciate Butler signing the waiver to protest in the space so provided and returning via facsimile to (405) 879-9535.

Yours truly,


Lynda F. Townsend

Agree to Waiver of Protest this _____ day of July 1998.

BY: _____
Kevin D. Butler & Associates

CHESAPEAKE OPERATING, INC.

P.O. BOX 18496
OKLAHOMA CITY, OKLAHOMA 73154-0496
405/848-8000, EXT. 414
405.879-9562 FAX

LAND DEPARTMENT
LYNDA F. TOWNSEND, CPL/ESA
LANDMAN

July 28, 1998

VIA CERTIFIED MAIL

Mr. Ron Lanning
Texaco, Inc.
P. O. Box 3109
Midland, TX 79705

Re: Notice and Request for Waiver
John T. 6-1 Well,
4,040' FNL and 435' FWL
Lots 12 & 13, Section 6-T16S-R36E
Lea County, New Mexico

Dear Mr. Lanning:

Chesapeake Operating, Inc. has made application to the New Mexico Oil Conservation Division for an unorthodox location for the above captioned well. As an offset leasehold owner, you are hereby given notice of said application.

In addition, please consider this letter as a formal request for Texaco, Inc.'s waiver of protest to Chesapeake's application. Any production from the John T. 6-1 well should have no detrimental effect on Texaco's acreage located in Lot 8 of Section 1-T16S-R36E. As evidenced by the enclosed plat, the proposed location encroaches upon Chesapeake's wells and acreage located in Section 1-T16S-R36E, lots 9 and 10 and lots 15 and 16 respectively.

Chesapeake would appreciate Texaco signing the waiver to protest in the space so provided and returning via facsimile to (405) 879-9535.

Yours truly,


Lynda F. Townsend

Agree to Waiver of Protest this _____ day of July 1998.

BY: _____
Texaco, Inc.

CHESAPEAKE OPERATING, INC.

P.O. BOX 18496
OKLAHOMA CITY, OKLAHOMA 73154-0496
405/848-8000, EXT. 414
405/879-9562 FAX

LAND DEPARTMENT

LYNDA F. TOWNSEND, CPL/ESA
LANDMAN

July 28, 1998

VIA CERTIFIED MAIL

Mr. Doug Schutz
P. O. Box 973
Santa Fe, New Mexico 87504

Re: Notice and Request for Waiver
John T. 6-1 Well,
4,040' FNL and 435' FWL
Lots 12 & 13, Section 6-T16S-R36E
Lea County, New Mexico

Dear Mr. Schutz:

Chesapeake Operating, Inc. has made application to the New Mexico Oil Conservation Division for an unorthodox location for the above captioned well. As an offset leasehold owner, you are hereby given notice of said application.

In addition, please consider this letter as a formal request for Schutz's waiver of protest to Chesapeake's application. Any production from the John T. 6-1 well should have no detrimental effect on Schutz's acreage located in NE/4 SW/4 of Section 6-T16S-R37E. As evidenced by the enclosed plat, the proposed location encroaches upon Chesapeake's wells and acreage located in Section 1-T16S-R36E, lots 9 and 10 and lots 15 and 16 respectively.

Chesapeake would appreciate Schutz signing the waiver to protest in the space so provided and returning via facsimile to (405) 879-9535.

Yours truly,



Lynda F. Townsend

Agree to Waiver of Protest this _____ day of July 1998.

BY: _____
Doug Schutz